

## FINANCIAL TIMES

Thursday January 16 1992

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## SOUTH KOREA

The past hinders  
Japanese overtures

Page 4

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## World News Business Summary

UK ministers  
embarrassed  
by report  
on Gulf war

The British government faced acute embarrassment after the disclosure of an internal armed services report strongly criticising interference by ministers in the conduct of Britain's role in the Gulf campaign, a report says. Page 16; Kristian to Bush, page 4

## EC recognises Croatia

The European Community sealed the formal end of the Yugoslav federation by recognising Croatia and Slovenia as independent states. But it put off extending recognition to the other breakaway republics. Page 18; Editorial Comment, page 14

## US spy jet missing

A US Air Force U-2 reconnaissance plane was missing and presumed lost with its pilot off the coast of South Korea. But there was no evidence of hostile action against the aircraft, the Defence Department said.

## Coke goes Russian

Coca-Cola, the leading US soft drinks company, will today announce in Moscow the formation of a joint venture with the Russian government. It claims this is the first private sector joint stock company in Russia to be majority controlled by a US multinational corporation. Page 2; The ascent of Everest, page 10

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Middle East peace talks resumed in Geneva, with Israeli and Palestinian negotiators clashed over the issue of Israeli settlements in the occupied territories of the West Bank and Gaza. Page 4

Superpower claims: British and US officials were told about the military use of the Iraqi supergun project before parts were delivered to Saddam Hussein's regime, a House of Commons committee was told. Page 7

Anytime place rejected: The US Supreme Court ruled that a jailed Irish Republican Army fugitive Joseph Patrick Doherty, convicted of murdering a British soldier, cannot seek US political asylum.

Computer experts jailed: Two French computer experts who stole data from computer disks controlling the daily transfer of millions of pounds from Barclays International bank's headquarters in London were each jailed for four years.

Greek verdict today: Former Greek socialist prime minister Andreas Papandreu, accused of corruption, will not be in court today when a 13-member tribunal delivers a verdict. Page 3

Chisholm on youth jobs: Britain seems headed for another clash on social policy with the European Community partners after the Brussels Commission proposed 80-wide work restrictions for people under 18 years old. Page 2

Galleries exhibit smashed: Neo-Nazis smashed a satirical bust of their leader, Eugene Terreblanche, in South Africa's national art gallery and threatened to burn up the Cape Town building if it exhibited similar caricatures again. Six people were arrested.

Bringing the house down: Part of the foyer ceiling and a chandelier crashed down at the Rome opera house during a performance of 'The Barber of Seville'. Nobody was hurt.

US dollar  
maintains its  
rise against  
the D-Mark

The US dollar continued its climb on foreign exchange markets, rising four pence against the D-Mark in hectic morning trading in London and holding on to most of the gains through the afternoon. At the London close, the dollar was up more than 3 pence against the German currency at DM1.622. Sterling lost more than 3 pence against the dollar, finishing at £1.756. Currencies, page 34; Lex, page 16; Investors brush aside gloom, page 5

WEST GERMANY's economic growth rate slowed to a real 0.9 per cent last year under the impact of unification and recession in export markets. Page 16

AIRBUS INDUSTRIE: A row over subsidies to the European aircraft consortium is set to intensify after a confidential report by a General Agreement on Tariffs and Trade panel condemning German exchange rate support for Deutsche Airbus, the consortium's German partner. Page 18

ASDA, struggling UK supermarket chain, reported an interim pre-tax loss of £28.8m after falling operating profits, a mounting interest bill and a string of exceptional charges. Page 17; Lex, page 16

CHINA took another step towards a western-style capital market when the Shanghai Stock Exchange announced the first public offering to foreign investors of shares in a Chinese company. Page 15

ISRAELI inflation rate for 1991 was 18 per cent, less than feared at mid-year after a collapse in house prices in the last quarter. Page 4

FORD and General Motors announced record sales in western Europe for 1991, helping offset sharply declining market performance and heavy losses in North America. Page 18; GM joint venture in China, page 6

HENKEL, German chemicals and consumer goods maker, increased sales last year by about 8 per cent, but net profits are expected to be about the same as 1990's DM428m (£271m). Page 18

RETTENHOLD GAS will not have to undergo a far-reaching investigation by the UK Monopolies and Mergers Commission after the government intervened in the row between the company and its regulator. Page 16 and Lex

OLIVETTI, Italian computer and office equipment group, disclosed a decline in 1991 sales of about 5 per cent to L5,800m (£717m). Page 18

PORSCHE, German sports car manufacturer, has cut its dividend after a steep slide in profits caused by recession-hit foreign markets and high provisions for job cuts. Page 18

FRANCE's inflation rate fell to a provisional 3.1 per cent last year, the first time in two decades it has sunk below the rate in western Germany. Page 2

INDIAN industry is in a sharp recession with manufacturing output declining 1.9 per cent in the first half of 1991, and little indication of any improvement. Page 4

AMERICAN AIRLINES, one of the largest US carriers, prompted a rally in US airline stocks when its parent company, AMR, suggested ticket prices were falling despite the company's \$238.9m net loss in 1991. Page 20

FIRST LEISURE, discotheque and tourist attractions group chaired by Lord Delfont, announced pre-tax profits up 4 per cent to £30.4m after what it called the most difficult year since the company was founded in 1983. Page 24; Lex, page 18

## Bush promises wide-scale health care reform

By Lionel Barber in Exeter, New Hampshire

PRESIDENT George Bush hit the campaign trail in New Hampshire yesterday with a pledge that his State of the Union address to the US Congress later this month would include details of a comprehensive plan to reform health care. Mr Bush, seeking to reverse the slump in his popularity, said the plan would be part of a growth package to revive the US economy, but he vowed to avoid "quick fix solutions" and focus instead on long-term measures to promote investment.

At the same time, Mr Bush has been wounded by criticism that he is paying too much attention to foreign affairs and not enough to problems at home, such as the 35m

Americans who have no health insurance. Without offering details of his plan, Mr Bush said it would not lead to increased federal spending on health care entitlement but would "bring protection" to Americans without insurance. One option believed to be under review is a health care tax credit for lower income groups, with a means test applied to wealthier Americans.

Mr Bush manfully tried to respond to his critics yesterday, casting himself as a man of the people and not the politician portrayed by Mr Patrick Buchanan, his Republican opponent in the New Hampshire primary.

Mr Buchanan, a former speech-writer to presidents Nixon and Reagan, is a right-wing pundit who seems to be drawing support in this fiscally conservative state. During his face-to-face meetings with voters yesterday, Mr Bush ate plenty of humble pie as he heard criticism about his handling of the economy.

Although he stressed that interest rates were low and said this would boost the economy, he admitted he had made mistakes in forecasting an early turnaround. "I will accept the blame," he said, though quickly adding that 49 out of 50 blue-chip economists had also made the same mistake last year.

The economic downturn has left New Hampshire as one of the hardest-hit states in the union. More than 50,000 jobs have been lost over the past three years, virtually tripling the unemployment rate. Five of the top banks have failed, corporate bankruptcies have soared and property prices are barely two-thirds of their value in 1980, when the state was booming.

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## Economic programme is in jeopardy, adviser warns

Power battle  
'may destroy'  
Russian  
reform plans

By John Lloyd in Moscow

RUSSIAN economic reform could be destroyed "within weeks" if the power struggle within the Russian leadership is not resolved in favour of the cabinet of ministers, the chief foreign adviser to that cabinet said yesterday.

Professor Jeffrey Sachs of the US, who works closely with Mr Yegor Gaidar, deputy prime minister in charge of economic reform, said in an interview that "it is fair to say that there is a power struggle, and on it depends the success of the reform programme".

He blamed the Russian central bank's credit policies for the disastrous state of Russian finances and said the bank had refused government and international Monetary Fund officials access to its books.

"The West must understand what is happening. If the struggle is not resolved in favour of a tight monetary policy, then the programme is in jeopardy. The issue is very urgent - it is a matter of a few weeks," he said.

Prof Sachs was speaking against a background of rising opposition to the price and other reforms which began with the new year. Mr Russian Khasbulatov, chairman of the Russian parliament, has called for the government to resign and for President Boris Yeltsin to "stand aside" as head of the

cabinet of ministers in order to safeguard his presidency. At the same time, Mr Georgy Yavlinsky, chairman of the central bank, has strongly criticised the western advisers, including Prof Sachs.

Prof Sachs said that "the Bank has not merely been a passive player in issuing credit to cover the budget deficit. Over the past year it issued hundreds of billions worth of credits to commercial banks and enterprises at an interest rate of 6 per cent - an absurd rate at a time of high inflation. Even now it has no policy on credit for this year".

The west had so far barely supported the "courageous actions" of the Russian government. Prof Sachs said next week's conference in Washington on humanitarian aid to the Commonwealth of Independent States must be expanded to include urgent consideration of "structural assistance".

"I estimate that the west must give between \$15bn and \$20bn this year - \$5bn in humanitarian aid, \$5bn to support the balance of payments and \$5bn as a stabilisation fund for convertible rubles."

The proposed agenda for the conference failed to take account of the economic realities in Russia. "In the past year governments and banks pulled out of Russia, which earns more

than \$100m in annual profits on transatlantic calls. BT might therefore feel it had to respond by linking up with one of AT&T's main rivals in the US such as MCI so that it could also operate on both sides of the ocean."

The negotiations between AT&T and C&W, which have been taking place in the US and the UK since last September, have been complicated by regulatory considerations.

The UK government still holds a "golden share" in C&W preventing any single shareholder owning more than 15 per cent of the company.

Many of C&W's franchisees around the world - which include Hong Kong - could also be reviewed if ownership of the parent company was to change hands.

C&W intends to form an alliance with AT&T or another international telecommunications group in the near future, although it does not wish to lose its independence.

Talks between AT&T and  
Cable & Wireless falter

By Hugo Dixon in London

THE PROSPECTS of a global alliance between AT&T and Cable & Wireless have receded following the failure of negotiations from the US and UK telecommunications groups to make progress in talks last week.

But executives remain hopeful that a deal at least involving the US telecommunications giant taking a minority stake in Mercury Communications, C&W's UK subsidiary, can still be concluded.

One reason a deal has yet to be finalised is that AT&T is concerned that UK telecommunications regulations may change if the Labour party, currently in opposition, wins the general election. It is understood to be considering postponing any action until after the election.

Another issue is that it has not been possible to agree whether an alliance between the two groups should cover only Mercury, the whole of Europe or markets in other parts of the world. C&W wants

a wider agreement than just the UK. Expectations in the City that a deal is imminent - which have driven C&W's share price to a record closing high of 685p last night - seem unlikely to be fulfilled. But executives believe it is possible talks could begin again in the next few weeks.

The central element of any deal would be the acquisition of part of Mercury - perhaps a quarter to a third for around £1bn (£1.79bn) - by AT&T. The US group would also agree to invest in Mercury to build it up into a more formidable competitor for BT, formerly British Telecom.

One of the main attractions to AT&T of any deal would be the prospect of being able to operate a telephone service on both sides of the Atlantic, instead of having to hand over most of its UK calls to BT in the mid-Atlantic.

However, such a move would probably be viewed as threatening by BT, which earns more



Taxi drivers gather in St Petersburg yesterday to protest at fare increases imposed by the Russian government

Lloyd's launches  
reform proposals  
as losses mount

By Richard Lapper in London

LLOYD'S of London yesterday unveiled one of the most far-reaching reform programmes in its 300 year history which could sharply reduce the importance of unlimited liability on which the insurance market is built.

The reforms come as Lloyd's faces some of its worst ever trading losses - an estimated £2bn-plus (£3.6bn) in the three years to 1990.

However, the proposals, drafted over the past year by a 14-strong task force, contain little to relieve the position of those "Names" who have borne the brunt of the market's losses. The Names are the individuals whose wealth provides the market's capital.

The Lloyd's Council, the market's governing body, has accepted the bulk of the report's recommendations and will act quickly to implement a number of the task force's recommendations.

The first of the reforms, modifying unlimited liability rules, is expected to be introduced next January. This would cap the losses for which Names, who can be personally bankrupted under the present system, are liable.

Names will be personally liable for all losses over a four-year period up to an amount equivalent to their overall premium limit, the amount of premiums they are allowed to accept under Lloyd's rules.

A Name accepting £500,000 in premiums, for example, would be liable to pay insurance losses up to this amount. Losses above the individual's limit would be payable from a central fund financed by contributions from all Names.

However, if this fund were to be exhausted, liability would

revert to the individual. The task force believes this could make Lloyd's a more attractive investment for new Names and help stem the decline in Lloyd's membership that has taken place over the past few years.

Over 4,000 Names have left Lloyd's in the last 12 months, reducing membership to about 22,500 and cutting £1bn from the market's capital base.

Apart from the unlimited liability changes, other proposals include: ● The introduction of a system allowing less well-off Names to spread their investments more widely, diversifying their risks.

● Measures to increase Lloyd's ability to draw corporate capital into the market. The task force suggests that Lloyd's should press for legislative changes to allow "corporate names" to underwrite at Lloyd's.

● A charter of rights for Names giving them the ability to hold regular meetings of the syndicates in which they are grouped, direct access to syndicate information and the right to veto major transactions.

Mr Mark Farrer, the chairman of the Association of Lloyd's Members, which represents 900 Lloyd's Names, said "the proposals go a long way towards correcting the imbalance between Names and syndicate management. They are a blueprint for genuine change and progress".

Mr Tom Benyon, of the rival Society of Names, complained that the report had done "nothing to help" the badly hit Names.

Background, Pages 8 and 9; Editorial comment, Page 14

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Turkey struggles to keep the  
Kurdish genie under control

Suleyman Demirel, now in his seventh spell as prime minister of Turkey, must seek a way of bringing peace to the country's Kurdish region, but it will require a steady nerve to keep the issue at the centre of his political programme. Page 3

## MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime: \$1.7585	New York lunchtime: DM1.6243	FT-SE 100: 2,537.1 (+20.8)
London: \$1.759 (1.7515)	London: FF5.546	FT-A All-Share: 1,208.07 (+0.9%)
DM2.6475 (2.65)	Sfr1.44575	FT-SE Euroshare 100: 1,140.52 (+27.85)
FF9.715 (9.72)	Y128.855	New York lunchtime: DJ Ind. Av. 3,250.57 (+4.47)
Sfr2.5325 (2.5275)	DM1.622 (1.5905)	S&P Comp 420.20 (-0.24)
Y225.5 (227.25)	FFr5.5325 (5.425)	Tokyo: Nikkei 3,929.24
£ Index 88.9 (80.4)	Sfr1.4425 (1.4115)	London Money 3-month interbank: 10 1/8% (10 1/8%)
GOLD	Y128.4 (128.8)	10 1/2% long term: 10 1/2% (10 1/2%)
New York Comex Feb \$264.7 (265.2)	\$ Index 63.4 (62.0)	Mar 97% (Mar 96%)
London: \$354.55 (353.9)	US lunchtime rates	
N SEA OIL (Argus)	Fed Funds: 3 1/8%	
Brent 15-day \$17.90 (17.675)	3-mo Treasury Bills: 3.929%	
Chief price changes yesterday: Page 31	Long Bond: 10 1/8%	
	C&W's: 7.556%	



## EUROPEAN NEWS

# Secret talks on dividing Bosnia revived in Zagreb

By Judy Dempsey in Zagreb

THE governments of Serbia and Croatia have revived secret negotiations aimed at dividing up the ethnically mixed republic of Bosnia-Herzegovina. Bosnian officials said yesterday they warned that any such attempt would lead to terrible bloodshed.

Mr Haric Silajic, Bosnia-Herzegovina's foreign minister, said Mr Nikolai Koljetic, a prominent member of Bosnia's Serbian Democratic Party, had held informal talks with President Franjo Tudjman of Croatia in Zagreb on Tuesday.

"The two extreme wings of Croats and Serbs in Bosnia, which are supported by Mr Tudjman and Mr Slobodan Milosevic [Serbia's president] respectively, are trying to carve up our republic," explained Mr Silajic.

Mr Ruzmir Mahmutcehajic, Bosnia's deputy prime minister, said Mr Tudjman wanted to revive the districts of 1992 when Croatia included parts of western Herzegovina.

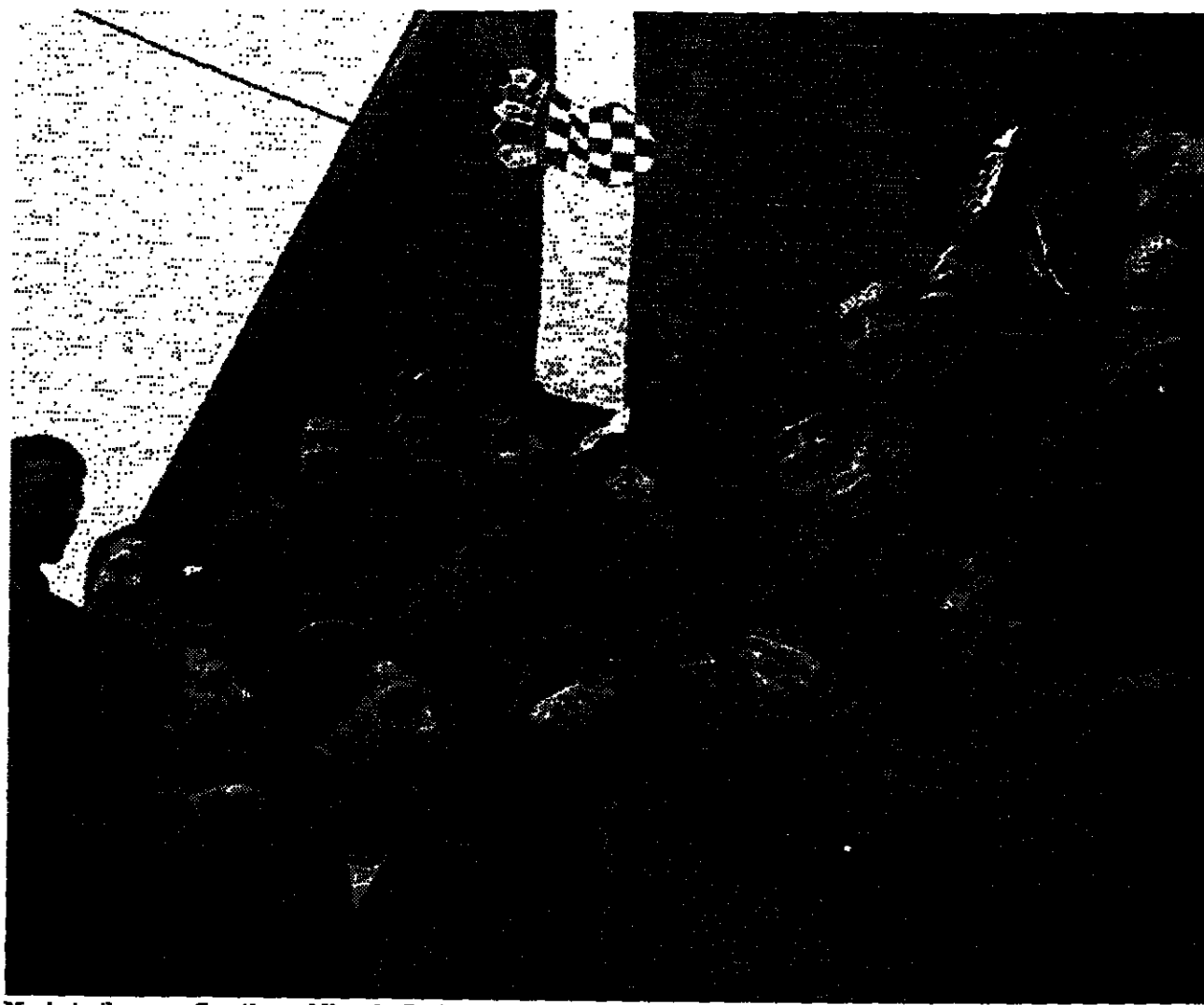
Any agreed break-up between Zagreb and Belgrade would give Serbia the opportunity to link the self-proclaimed Serb-inhabited republic of Kraj-

ina, in south-western Croatia, with Serbia.

Both ministers said the negotiations, first started between the two presidents in March 1991, had been revived to try to shore up the flagging support of the Croat and Serb presidents. Nationalists on both sides have become disillusioned because Serbia has failed to quash Croatia's independence bid, while a third of Croatia's territory is still under the control of Serb militants and the army.

Bosnia-Herzegovina's 4.3m population is divided between Muslims (44 per cent), Serbs (33 per cent) and Croats (17 per cent). The militant Serbs, led by Mr Radovan Karadzic, a Milosevic ally, could rely on the army - under the control of Serb nationalist General Vladimir Vukovic - in the event of a break-up of the republic.

Mr Alija Izetbegovic, the republic's president, flew yesterday to Paris with Mr Silajic for urgent talks with President Francois Mitterrand on Bosnia's internal problems. Before leaving, he said: "Bosnia-Herzegovina could not be divided."



Music to the ears: Croatian soldiers in Sinja yesterday, celebrating the recognition of their republic with folk songs

## Banks warn of interruptions in payments on former Soviet debt

By David Waller in Frankfurt

THE banks responsible for servicing the former Soviet Union's debts have told western bankers to expect "temporary interruptions" in the prompt payment of interest and repayment of principal in the months ahead.

At a meeting held in Frankfurt on Tuesday, representatives of the Vnesheconombank and the Russia central bank explained that despite the likelihood of payment difficulties they had every intention of bringing all payments up to date as soon as the necessary funds were available.

The news was not as bad as some bankers had expected following

remarks last week by Mr Georgy Matukhin, chairman of the Russian central bank. He said then that Russia would be seeking a full deferral of interest payments at yesterday's meeting.

This would have meant a serious breach of two separate agreements between the former Soviet Union and its sovereign and commercial creditors in the west.

On December 17, creditor banks meeting in Frankfurt agreed to an arrangement whereby Vnesheconombank would defer repayments of principal on certain types of commercial debt for three months while con-

tinuing to pay interest.

On January 4, representatives of 17 countries meeting in Paris agreed to a year's rollover of repayments of principal on \$1.2m of sovereign debt.

According to the statement from Deutsche Bank, which is co-ordinating the talks on behalf of western creditors, Vnesheconombank emphasised on Tuesday that it was not unilaterally suspending interest pay-

ments and was therefore not formally abrogating its agreements with creditors.

However one German banker said the news meant there had been a significant deterioration in the former

Soviet Union's ability to pay interest in the short time since the original agreements were concluded.

"As yet it is unclear when they will stop paying and how much they won't be able to pay," he said.

Vnesheconombank said new procedures to gather hard currency funds to service foreign debt had not yet come into full effect.

The former Soviet Union had liquidity problems, the bank added.

According to the Deutsche Bank statement, the committee was informed that "until the new measures were fully operational there may be temporary interruptions in

the timely payment of interest" and certain other categories of debt.

The statement said that Vnesheconombank's role as debt manager for the former Soviet Union would not be affected by the transfer of the bank's commercial activities to various Russian banks under a decree passed by the Russian parliament this week.

Mr Matukhin, the Russian central bank chairman, said yesterday there was no agreement between the republics on sharing the estimated \$40m Soviet debt between them and that calculations about individual shares were "very difficult, almost impossible".

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## Russia backs German nuclear plan

By Quentin Peel in Bonn

RUSSIA threw its weight yesterday behind a German plan for an international convention to prevent the export of nuclear weapons technology to third countries, backed by sanctions against any would-be future nuclear power.

Mr Andrei Kozyrev, the Russian foreign minister, gave the plan his enthusiastic support after talks with Mr Hans-Dietrich Genscher, his German counterpart.

He also issued a plea for an international programme to support continuing nuclear research in the former Soviet Union - in order to dissuade the country's scientists from selling their potentially lethal know-how to the highest bidder.

The plan was spearheaded by Mr Genscher as a two-part convention to complement the Nuclear Non-Proliferation Treaty.

The first part would commit existing nuclear states to prevent the export of nuclear know-how, while the second part would provide for sanctions against any country attempting to acquire nuclear weapons technology, or produce nuclear weapons materials.

He said the convention should be promoted not simply by the existing nuclear powers, including the US, Britain and France, but also non-nuclear powers such as Germany worried about the consequences of Soviet weapons technology spreading across the globe.

Mr Kozyrev also welcomed the existing international humanitarian aid programme for Russia, in which Germany is by far the leading donor.

## Ukraine takes dim view of colourful coupons

By Chrystia Freeland in Kiev

FROM peers to peasants, the verdict yesterday was that with its first economic steps the government of newly independent Ukraine has fallen flat on its face.

High-powered foreign advisers and locals grumbling in shop queues agree that the January 10 introduction of coupons is exacerbating inflation without the palliative effect of genuine monetary reform.

Notwithstanding their bright colours and a picture of Kiev's historic St. Sophia cathedral, the coupons are such an obvious misstep that they seem likely to provoke a radical reshuffle of the largely ex-Communist cabinet members who

introduced them.

"It is an inconceivably stupid system," says Hungarian-born financier Mr George Soros, in Kiev to advise the Ukrainian government. "The dying, moribund Communist apparatus is trying to introduce monetary reform, and it is an absolute disaster."

In an effort to protect the relatively well-stocked Ukrainian market from the full impact of Russian price increases, each Ukrainian resident was issued with between 200 and 400 coupons, depending on salary. Once the system is in place, at least 25 per cent of wages are to be paid in coupons, which are the only currency valid for the purchase of

food and consumer goods.

In Mr Soros's view the hastily conceived system "is a machine for inflation" because the government intends to dole out fresh coupons each month without an effective system for getting them back.

Mr Soros is also critical of the one-to-one official exchange rate between the ruble and the coupon and the lack of a distinction between the two currencies in government accounts, even though coupons give priority to scarce goods.

This loophole, he said, "is an invitation to large-scale arbitrage and is responsible for the steep fall in black market rates for coupons. Initially, coupons

sold for ten roubles, but now five days into the reform the street value of coupons is down to 2 to 4 roubles."

Acknowledging the failure of the ruble/coupon system, President Leonid Kravchuk announced this week that on March 1 coupons would become the only currency valid in Ukraine. Mr Soros believes this measure would make the best of a bad situation, but he thinks the government should introduce a new currency as soon as possible, preferably in March or April.

The inept introduction of coupons has provoked public protests and encouraged political attacks on the government. Sir Geoffrey Howe, another

one of Ukraine's advisers, believes that it is not just individuals but also government structures which are to blame for Ukraine's inability to implement defective reforms.

He is particularly critical of the rivalry between the parliament, the president, and the cabinet ministers, which often paralyses the state.

Ukraine has set up a new bank to pay the republic's share of the foreign debt of the former Soviet Union and handle foreign economic relations, Moscow Radio said yesterday. Reuter reports from Moscow.

The new bank will take over the activities of the Soviet foreign trade bank, Vnesheconombank, in Ukraine.

## Soviet army flexes its political muscles

By Neil Buckley in Moscow

FEARS that the Soviet army may emerge as a powerful political force in the former Soviet Union increased yesterday with news that 5,000 officers and servicemen are to hold a special conference in Moscow tomorrow. The aim is to "discuss urgent problems of the state of the armed forces and ways of preserving their unity".

The collapse of the Soviet Union has left the 3.7m-strong armed forces without a clear role, facing a large reduction in size and possible break-up as individual republics attempt to establish their own armies.

There is already considerable discontent among soldiers, many of whom are liv-

ing in tents and facing unemployment after being withdrawn from Europe.

This has provoked widespread fears of a military coup, or at least of the army's playing an increasingly dominant role in politics.

"Such a large gathering of generals and marshals in the country's principal conference hall officially turns the army into a powerful independent political force," the Moscow-skill Kommunist newspaper commented yesterday.

Mr Dmitry Volkogonov, a military adviser to President Boris Yeltsin and a former general, said: "The army is a very large force and the stability or otherwise of the country largely depends on it."

COCA COLA will today announce in Moscow the formation of Coca-Cola Refreshments-Moscow (CCRM). It claims CCRM is the first private sector joint stock company in Russia that will be majority controlled by a US multinational corporation.

The new company will manufacture soft drink syrups as well as control a retail distribution network, which will begin operations in 18 months with 400 kiosks in the greater Moscow area. The ultimate target is 2,000 retail outlets.

Mr Neville Isdell, president of the Coca-Cola division that covers eastern Europe, said the significance of the Moscow company "is that for the first time we will have a fully inte-

## Coca-Cola says offshoot will be first US-owned Russian venture

By Alan Friedman in New York

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grated system for consumer goods, all the way through to the individual consumer."

Coca-Cola will own more than 95 per cent of the shares in CCRM. The remaining shares will be held by Professor S.N. Fyodorov, a Russian businessman.

Coca-Cola's initial capital investment of \$12m (\$6.7m) is small, but Mr Gavril Popov, the mayor of Moscow, said the investment should stimulate economic activity. He said it would "attract additional international investment and would signal to others that the City of Moscow is ready to do business."

Pepsi-Cola, the second largest US soft drinks company, sells its product by licence

agreement with some 40 state bottling companies. Mr Christopher Sinclair, president of Pepsi-Cola, said the company was negotiating new joint ventures in the former Soviet Union, including a resin fibre producing venture in Belarus that would manufacture plastic bottles.

The first Coca-Cola product available in the Soviet Union was Fanta Orange in 1979. Soviet state bottling companies began making Coca-Cola in 1985.

Mr Isdell said Coca-Cola would provide the new bottling force with equipment, training and management assistance.

The ascent of Everest, Page 13

## Court threat to bank secrecy

By Simon Gray in Luxembourg

LUXEMBOURG bankers have breached the Grand Duchy's strict banking secrecy legislation to avoid infringing laws aimed at preventing the laundering of drug profits, according to the defendant in a money-laundering trial.

Lawyers believe the allegations by Mr Franklin Jurado, a Colombian accused of recycling cocaine proceeds on behalf of the Cali drug cartel, could undermine Luxembourg's hard-won reputation as a centre for private banking.

That reputation, partly founded on the country's tradition of banking secrecy, was shaken last year when the Luxembourg-registered Bank of Credit and Commerce International (BCCI) collapsed following the discovery of massive fraud.

Mr Jurado claims a number of Luxembourg banks contacted investigators to voice their suspicions about his

transactions. He has lodged a complaint because under Luxembourg law banking secrecy can be lifted only once an investigation has begun.

In the course of Mr Jurado's trial, an official of Credit Lyonnais, the French bank, has admitted that he and members of the bank's audit department met Luxembourg authorities in December 1989 to discuss their client's activities. Mr Pierre Kolman, the investigating officer, told the court that "between seven and nine" Luxembourg banks volunteered information on Mr Jurado's transactions, and said bankers often contacted detectives about suspicious funds or transactions.

The allegations may arise partly from confusion about Luxembourg bankers' legal rights and obligations. Legislation was introduced in July 1989 which obliges banks to refuse suspect business.

## Poland's deficit battle

By Christopher Bobinski in Warsaw

POLAND'S economic situation was much worse than he expected before taking office Mr Jan Olszewski, the Polish prime minister, said yesterday.

Appealing to parliament's upper chamber to pass the first quarter budget provisions, the newly-appointed leader added: "Maybe I wouldn't have taken on this responsibility if I had known what I know now."

Speaking on the eve of a threatened one-day protest strike by members of the for-

mer communist trade unions, Mr Olszewski warned that even after cuts aimed at reducing the deficit target to Zl 17,500m (\$890m) the real budget out-turn could be overwhelmed by the volume of overdue 1991 payments. These could add another Zl 20,000m.

In an attempt to bring the deficit under control the government has cut energy subsidies and reduced unemployment pay, setting off a wave of labour unrest.

## UK set for new social policy clash

By David Buchan in Strasbourg

BRITAIN last night seemed headed for another clash on social policy with its European Community partners after the Brussels Commission proposed EC-wide work restrictions for people under 18 years old.

The draft directive, which Brussels proposes should be adopted by a majority among EC governments, would bar children under 15 from most regular work, except for instance in entertainment or delivering newspapers. For those under 18 it would ban overtime and most night work.

But Europe's teenagers will still be able to undertake certain types of light or irregular work, including work at harvest time and night work in restaurants and bakeries.

EC officials said the main impact would be felt in southern European countries and Britain, which in 1989 repealed certain work restrictions for 16-18-year-olds, including some provisions of international Labour Organisation conventions that the UK had earlier signed.

UK officials said the main problem for Britain would be the working time restrictions for youths of 16 years and older, who, since the 1989 UK Employment Act, were treated as adults, while the Commission plan went wider than current legislation in protecting minors from physically risky work.

Brussels yesterday proposed measures to try to stop art thieves and smugglers exploiting the planned abolition of internal EC border checks by the end of this year.

The proposal would create a common export licence for designated national treasures leaving the Community, and a system allowing one EC state to recover stolen art works from another.

The draft directive will not secure the return to Greece of the marble treasures taken by Lord Elgin from the Parthenon in the 18th century and now in the British Museum as it only applies after December 31 1992.

## Further fall in French inflation

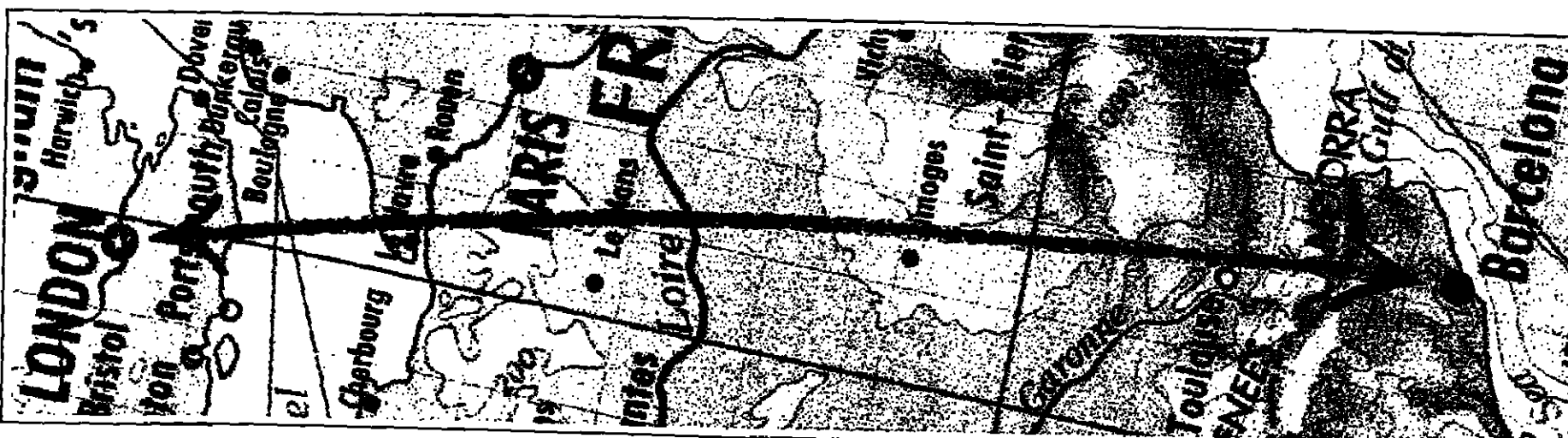
FRANCE'S inflation rate fell to a provisional 3.1 per cent last year, the first time in two decades it has sunk below the rate in west Germany, writes William Dawkins in Paris.

The figure compares with 3.4 per cent in 1990 and this year's 2.5 per cent target, and puts France well ahead of the 4.5 per cent average for its nine main trade partners. The German inflation rate rose by 4.2 per cent last year, fuelled by stiff salary rises and higher tax needed to fund reunification.

The figures, released by the Insee state statistics institute, are the latest vindication of the anti-inflation policy supported by government and opposition for almost 10 years.

## Spain hits target

Spanish inflation rose just 0.1 per cent in December to bring inflation for the year to 5.6 per cent - the government's target, writes Peter Bruce in Madrid. The figure means inflation is down a full point compared with the end of 1990.



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## EUROPEAN NEWS

## Turkey struggles to control Kurdish genie

"WHO are these Kurds? Why are they rebellious? What do they want?" These were the questions asked by US historian William Westermann, in the periodical Foreign Affairs, in July 1945. In today's Turkey the debate has moved on, but Mr Suleyman Demirel, now in his seventh spell as prime minister, still must seek a solution to being peace to the country's Kurdish region.

It will require a steady nerve to keep Kurdish reform at the centre of his political programme. It will be particularly difficult to convince some hard-line colleagues in Ankara of the need for magnanimity. But no one doubts the urgency of the situation.

The habit of violence are deeply rooted in Turkey's impulsive, south-east provinces. More than 3,000 people have died in the seven-year conflict between the security forces and the Kurdistan Workers Party (PKK), which is fighting for a separate state. The military is conducting air and ground operations against rebel positions in the Cudi mountains near the Iraq border. No casualties have been given.

In separate clashes yesterday eight people died, a policeman and a soldier.

Turkey is committed, at least legally, to some form of democratic reform as a signatory to the 1980 Paris Charter,

which emerged from follow-up talks within the context of the Helsinki accord on human rights. A key part of the charter relates to the treatment of national minorities.

The problem has also acquired an added international dimension following the Gulf war and the allied relief effort to help the Iraqi Kurds. Attention has inevitably focused on the shortcomings of Turkey's treatment of its own 10m Kurds. As one Turkish

Indeed, the government - a coalition between Mr Demirel's True Path Party and the Social Democrats (SHP) - may come to find human-rights reform the easiest policy to implement, given mounting difficulties with the economy.

Perhaps more significant for the first time, the Turkish parliament can provide a forum for extreme Kurdish opinion, after the election of 22 radical deputies on the SHP ticket.

Mr Demirel is aware of the

one of the proposals of the Paris accords - remains controversial. As for devolving administrative powers to the Kurds, which some diplomats now believe is the only way to save the situation, this is not even being discussed.

What Mr Demirel does offer is legal and institutional change, to stamp out torture, cut detention periods where most police abuse occurs, and discipline the security forces, particularly the hated special forces whose job it is to take the fight to the PKK, but who have too often used this mandate to terrorise local people.

The prime minister must have been greatly heartened at the warm reception when he visited the provincial capital Diyarbakir last month, where he publicly acknowledged what he called the "Kurdish reality."

His immediate task is to keep the coalition together. His SHP partner already faces an awkward party congress this month, and the party's leader, Mr Erdal Inonu, will have to contend with outright rebellion from radical Kurdish deputies.

Short-term, the crisis can only deepen if the security situation deteriorates when guerrillas, as is probable, greet any reforms with further violence in a bid to provoke reprisals.

On the other hand, Mr Demirel's programme will almost certainly fall short of the demands of Kurdish intellectuals. Even official support for the study of the language -



Suleyman Demirel: Path strewn with hazards

## Gibraltar to re-elect nationalist leader

By Tom Burns in Gibraltar

GIBRALTAR'S 14,000 voters are today expected to overwhelmingly re-elect as chief minister Mr Joe Bossano, the nationalist politician who has steadfastly boycotted negotiations between Madrid and London over the future of Britain's disputed crown colony.

Opinion polls indicate that Mr Bossano's Gibraltar Socialist Labour Party (GSLP) could win more than 70 per cent of the votes, up from 58 per cent in 1985. The GSLP is certain to retain its eight seats in the 15-member House of Assembly, the maximum allowed under Gibraltar's electoral rules.

Mr Bossano's popularity reflects both the marked improvement in Gibraltar's infrastructure, particularly in housing and essential public services, during his four year term and his uncompromising opposition to any deal with Spain that would threaten Gibraltar's constitutional arrangements.

Mr Bossano blocked a 1987 agreement between Spain and the UK on the dual use of Gibraltar's airport, a move that subsequently excluded Gibraltar from the EC's air liberalisation process. Mr Bossano has also refused to attend bilateral talks between Spain and Britain.

His stand has tested the

patience of London and Madrid and has delayed agreement on the EC's External Frontiers Convention, which governs entry points into the Community. Spain refuses to consider Gibraltar as an EC entry point unless there is agreement on the use of its airport and the UK has signalled it will not ratify the convention if Gibraltar is excluded from it.

Gibraltar has markedly reduced its dependency on the UK over the past four years. Britain's Defence Ministry, which used to account for 45 per cent of Gibraltar's revenues, now contributes around 15 per cent, and Gibraltar is busy marketing itself as a financial centre.

In an ill-tempered campaign, the main opposition party, the Gibraltar Social Democrats (GSD), accused the GSLP of a "secretive and dictatorial" style of government and claimed the population was "gagged by fear of reprisal and intimidation". Mr Bossano in turn has accused the GSD of being "soft on Spain" because it is prepared to attend talks on the future of the colony.

Opinion polls suggest that the GSD, which is identified with the colony's financial sector, looks unlikely to gain more than 25 per cent of the vote.

## Verdict in Papandreou corruption case today

By Kevin Hope in Athens

MR Andreas Papandreou, the former socialist prime minister accused of corruption, will not be in court today when a 13-member tribunal delivers a verdict in what the Greeks call "the mother of trials."

Like the rest of the nation, Mr Papandreou will watch the proceedings live on television. However, his main co-defendant, Mr Dimitris Tsoulas, the former finance minister, has threatened to barricade himself inside parliament and put up violent resistance if convicted.

According to legal analysts, there is little likelihood of Mr Papandreou being found guilty of taking a bribe and receiving the proceeds of a crime.

The bribery charge collapsed early in the 10-month-long hearing when it was revealed that a bank foreign exchange transfer of DM250,000 (\$38,000), allegedly used by Mr Papandreou to cover expenses arising from his open-heart surgery in London in 1988, had no connection with the socialist leader.

The second charge, that Mr Papandreou funded his Panhellenic Socialist Movement (Pasek) with some of the \$300m embezzled from the Bank of Crete by its owner, Mr George Koskotas, was based on a document rejected as a forgery by a team of graphologists.

However, a breach of faith charge against Mr Papandreou, holding him responsible for the scandalous state of public finances during his government's final days, could be upheld. Nobody in Greek political life expects the 72-year-old ex-prime minister, whose health is frail, to be jailed. But even a suspended sentence could revive the bitter political



Papandreou: denials

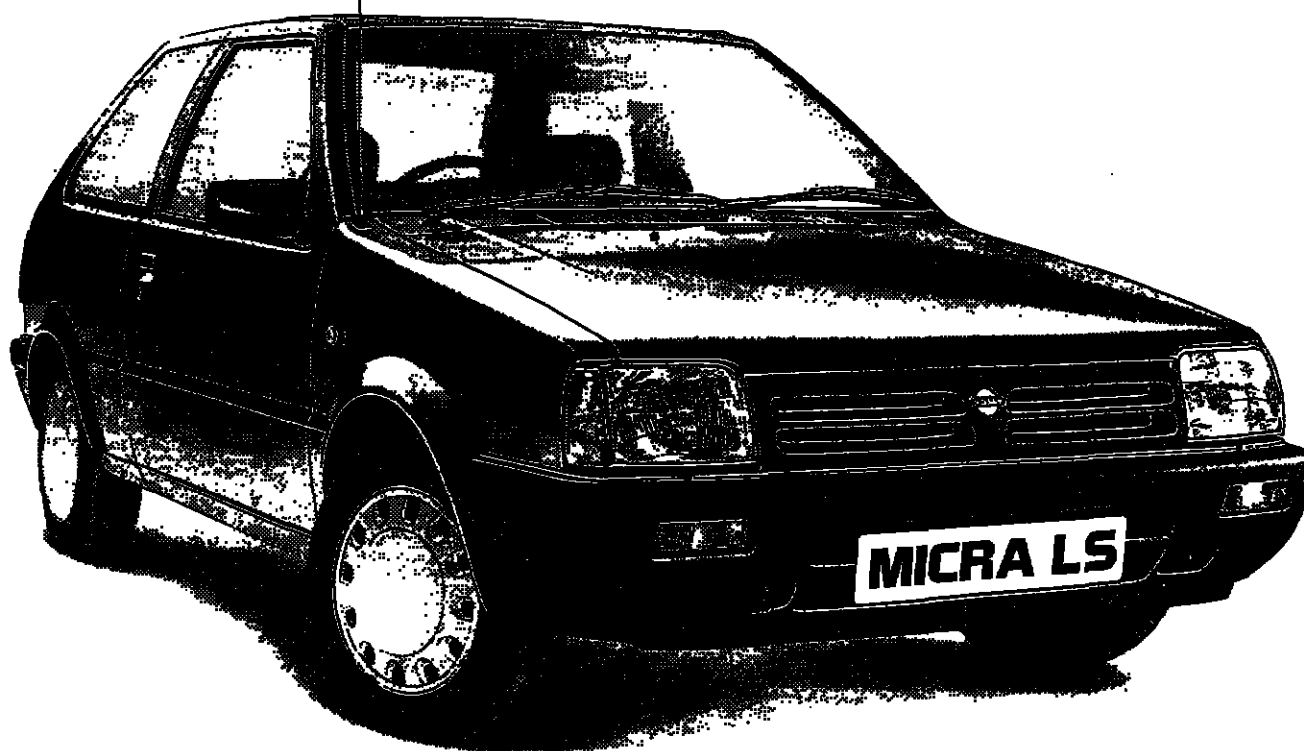
divisions of the 1980s.

Mr Akis Tsochatzopoulos, Pasek's secretary general, yesterday ruled out the possibility of violent political confrontation if the decision goes against Mr Papandreou. He said: "Pasek will voice its reaction in parliament and in society in a constitutional way."

Some prominent conservatives now admit the rush to prosecute Mr Papandreou and three socialist former cabinet ministers was over-hasty. "After eight years of high-handed socialist rule, the conservative grass-roots were baying for revenge," said one.

Mr Papandreou's political future may be decided today. If convicted on charges he steadfastly denies, Pasek supporters will forget their criticism of his autocratic style of leadership and rally behind him. An acquittal, even for lack of evidence, would close a chapter of Greek political life, allowing a succession battle in Pasek to begin in earnest.

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## INTERNATIONAL NEWS

# Baker acts to avert Mideast talks stalemate

By George Graham in Washington and Hugh Carnegie in Jerusalem



MIDDLE East peace talks appeared to be stymied yesterday after Israeli and Palestinian negotiators clashed over the issue of Israeli settlements in the occupied territories of the West Bank and Gaza.

Mr James Baker, US secretary of state, summoned the heads of the peace delegations to see him on Tuesday night and yesterday morning, but the talks seemed to be on the verge of breaking down over the contentious settlements issue.

Mr Baker's intervention was viewed as a surprising last-ditch attempt to prevent a stalemate in the simultaneous bilateral talks which Israel has been holding in Washington this week with Syrian, Lebanese, Jordanian and Palestinian delegations.

While the Arab delegations, in particular, have repeatedly tried to bring the US into the discussions, the State Department has insisted it can act only as a catalyst to the peace process and cannot get involved in issues of substance.

The peace talks had seemed to take a step forward on Monday when delegates agreed a formula which allowed Israel to hold separate meetings to discuss Jordanian and Palestinian issues, while preserving its insistence that it would deal only with a joint Jordanian-Palestinian delegation.

But after agreeing on what kind of table to sit around, the delegations have failed to make any further progress on what agenda to put on the table.

The clash in Washington has mirrored the mounting tension in the occupied territories, with the Israeli delegation condemning the violence against Israeli settlers and the Arabs attacking Israel's escalation of its settlements policy.

Dr Hanan Ashrawi, spokeswoman for the Palestinian delegation, said: "We told them that there is no way in which negotiations can proceed or succeed while Israeli settlement activity is continuing."

Retorted Mr Yossel Ben Aharon, an Israeli delegate: "Unfortunately Dr Ashrawi and her colleagues speak out of both sides of their mouths."

Washington analysts believe that both sides are so severely constrained in how much they can concede without alienating their home constituencies that the best that can be hoped for in the peace talks is, for the time being, that they should not break down altogether.

Meanwhile, settlers in the occupied territories yesterday attempted to establish four new settlements and demonstrated for tougher government action against the Palestinian uprising, in protest against a series of attacks on settlers by Palestinian gunmen in which four Israelis have been killed.

The army quickly dismantled two of the makeshift new settlements, arresting more than 20 settlers in the process, and said the other two encampments would be removed.

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# A year after the launch of allied bombing of Baghdad FT writers look at the war's aftermath

## Incomplete Gulf victory remains irritant to Bush

By Lionel Barber, US Editor, in Washington

THE FIRST anniversary of Desert Storm ought to be a chance to celebrate a brilliantly executed US battle plan which crushed the bulk of the Iraqi army with minimum allied casualties. But 12 months after the bombs fell on Baghdad, it is clear that the Gulf war was an incomplete victory.

President Saddam Hussein remains in power. The Iraqi people starve. The Kurds are all but abandoned. The Iraqi opposition remains divided. President George Bush, who appeared invincible nine months ago, has watched his approval rating nosedive in the face of a recession-hit US economy, restricting his room for manoeuvre overseas.

Mr Bush does not face serious political pressure at home to remove Mr Saddam from power, but there is a nagging concern that the defiant Iraqi president (and his nuclear ambitions) amount to a time-bomb in the run-up to the November election. At some point, surely, Mr Bush must defuse the problem or risk detonation.

The trick is how to reconcile the desirable end with politically acceptable means. At present, the administration seems more inclined to pursue unilateral pressure through the United Nations rather than unilateral military action which could leave the president open to criticism that he was engaging in foreign adventures to escape difficulties at home.

Both Presidents Nixon and Johnson played politics with the Vietnam war



January 17, 1991: Allied bombers are met by anti-aircraft and tracer fire in the sky over Baghdad

during election years. Yet Mr Bush can put up a plausible case for preferring the use of United Nations sanctions to keep the heat on Mr Saddam, rather than renewed US military force.

First, UN economic sanctions, while far from 100 per cent effective, create strains within the ruling regime. The frequent purges in Baghdad suggest that at the very least Mr Saddam is being kept off balance. Second, UN inspectors are slowly but surely identifying and destroying the bulk of Mr

Saddam's nuclear and unconventional weapons programme. "It's a long-haul strategy," says one US official. The advantage is that the UN gives political cover for the US to maintain the pressure. In the coming weeks, UN inspectors may begin blowing up buildings dedicated solely or partially to the Iraqi weapons programme.

If Iraq seeks to block the inspectors, the risk of escalation is high. The Pentagon has drawn up an extensive list of military targets for air-strikes which would almost certainly be

accompanied by French and British warplanes. A second, less transparent policy option is the use of covert action against Mr Saddam. Reports in Washington suggest that Mr Bush has ordered the CIA to assist opposition groups; but US suspicions about the Shias and Turkish Kurds have made large-scale military aid such as the 1980s programme to help the Angolan and Afghan rebels a non-starter. Last November, after waiting in vain for

Arab predictions of Mr Saddam's imminent fall to come true, Mr Bush ordered a review of Iraq policy. The result was a clear recommendation from the Pentagon that military action in support of an opposition or Kurdish/Shia coup was undesirable unless it was supported by Desert Storm-style forces in the theatre.

The impression, therefore, is that the Bush administration is content to muddle along Mideast-style, hoping that something will turn up. It is not pretty, but the alternatives all appear to be fraught with risk.

The one serious practical objection is that the UN inspectors are desperately short of money. Over the past six months, the UN teams have conducted more than 25 inspections, uncovering a welter of information about Iraq's nuclear programme and the willingness of western companies to help Baghdad.

The UN inspectors' ultimate aim is to destroy all Iraq's nuclear, chemical, and biological programmes. The cost could amount to \$100m (\$55.5m). The original plan was to finance inspections (and much-needed humanitarian aid) from UN-sanctioned sales of Iraqi oil, but Mr Saddam has so far refused to go to market.

And so the familiar game of cat-and-mouse is under way, with Mr Saddam calculating once again that the West will lack the patience to remain engaged. He may be right; but it is a gamble.

# Vengeful Saddam keeps Arab opponents on edge

Tony Walker on the growing uncertainties afflicting the region

THE surreal spectacle of a larger-than-life Saddam Hussein pinning "mother of battles" anniversary medals on the chests of his military commanders would have brought little comfort to his jittery Arab opponents, preoccupied with developments in Algeria and their own domestic problems.

While this week's television theatre in Baghdad, marked by the Iraqi president's claims of "victory" in the Gulf war, might be dismissed as over-the-top bravado, the episode was nevertheless an uncomfortable reminder to his rivals that in spite of everything Mr Saddam lives on.

An Arab proverb, repeated with some nervousness in Cairo these days, holds that a snake is not dead until its head is severed from the body. This melodramatic observation usually precedes criticism of the

allies for not doing more to unseat the Iraqi leader when the opportunity presented itself.

Now, a year after the US-led alliance began the assault which liberated Kuwait, the fruits of that victory in Arab eyes seem less appealing. True, Kuwait was saved and Mr Saddam was humbled, but divisions in the Arab world have scarcely been deeper and the future less certain.

Not least, concern in the capitals of Washington's moderate Arab allies stems from the dramatic erosion in Mr Bush's domestic standing, with consequent fears that a weakened administration would be less steadfast in defence of its friends abroad, and thus less capable of imposing Middle East peace.

Adding to these worries are the activities of the neo-isolationists on the Republican rightwing.

Iraq's official media, reduced to a whisper by last January's bombing campaign, now spends its days gloating about Mr Bush's misfortunes. Iraqis are bombarded with negative images of recession-hit America, implying somehow that life in Iraq, in spite of everything, is preferable.

As we celebrate, with our heads held high, the first anniversary of the tyrannical 30-state aggression against us, Bush... is touring Asian countries looking for a solution to the economic crisis the US is suffering from," commented al-Thawra, the newspaper of the ruling Ba'ath party.

While much Iraqi propaganda is ludicrous, recent visitors to Iraq have been struck by the regime's success in restoring infrastructure, and restoring essential services. The authorities also appear to be making a reasonable fist of providing food rations for the needy, in spite of sanctions and the burden of rising prices; inflation of 30 per cent a month is reported.

Predictions that defeat in Kuwait would foment a revolt against Mr Saddam among Iraq's office corps - the favoured scenario of the US and its Arab allies - have not come to fruition, and as the months pass hopes of this happening diminish. The Iraqi leadership appears to have regained some of its poise and is now more viable, although

reports persist of dissension in the ranks, including within Mr Saddam's immediate circle.

The regime has also been obliged to deal with an incipient underground campaign, much like the one that was waged during the Iran-Iraq war by the outlawed al-Dawa Shia fundamentalists. At least one car-bombing, the trademark of the underground group, has been carried out in Baghdad in recent weeks.

The military, shattered by its defeat in Kuwait and further run ragged by the Kurdish and Shia revolts following the war, has been reorganised and discipline tightened under new defence minister Ali Hassan al-Majid, a cousin of Mr Saddam.

The Kurds in the north and the repressed Shia in the south would be drawing little comfort from this: Kurdish leaders have been warning for weeks that Mr Saddam will use the winter months to drive Kurdish fighters from towns south of the UN-declared safety zone.

Recent reports suggest that Iraq has been seeking to replenish its depleted arsenal and UN experts, engaged in uncovering details of the Iraqi nuclear programme, suspect that work continues on efforts to acquire a nuclear capability. In the capitals of Arab states of the anti-Iraq alliance, officials have no doubt that a craving for revenge is never far from an isolated and weakened Mr Saddam. "When the great confrontation took place," the Iraqi president declared pointedly this week, "God decreed that victory once again must go to the Iraqis because they follow the path of truth while their enemies follow the path of falsehood."

# Falling house prices curb Israeli inflation

By Hugh Carnegie

ISRAELI inflation totalled 18 per cent in 1991, less than had been feared and only slightly up on 17.6 per cent in 1990.

The biggest single factor was the surge in housing costs, which rose 26 per cent overall as fears of an immigration-induced housing shortage drove up prices and rents.

But Russian immigrants' reluctance to take on high levels of debt to purchase property, and rising availability of new stock arising from a construction boom, abruptly reversed the trend in the last quarter, when house prices fell 4 per cent.

As a result inflation quickly fell back from annual rates approaching 25 per cent, a level which threatened government efforts to maintain economic stability in the face of large-scale immigration. Prices

in the last quarter rose less than 1 per cent, against 6.5 per cent in the third quarter.

Officials are forecasting a further modest cooling in inflation this year.

But the relatively good news on prices also contains some bad news: construction was the main engine of growth last year and this has flattened as the building boom has tailed off. There are fears that unemployment, already at record levels of close to 11 per cent, will go on rising as more immigrants enter the job market.

Bank of Israel officials said yesterday the International Monetary Fund had agreed that Israel met the criteria for a \$250m (\$195.6m) loan to compensate for economic losses estimated at \$1bn caused by the Gulf war.

# Manila agrees terms to receive IMF loans

THE Philippines yesterday agreed terms with the International Monetary Fund that should allow the resumption of a \$900m (\$703m) lending programme suspended last July when Manila failed to meet economic targets, writes Richard Gourlay in Manila.

Mr Jesus Estanislao, the finance secretary, said the two sides had agreed on a target for the central government's budget deficit which was the only unresolved issue from last week's IMF mission.

Resumption of the programme is still dependent on the Philippines passing tougher revenue-raising measures. Only then will the IMF give its stamp of "good housekeeping" on which a commercial bank debt rescheduling agreement and an international aid commitments depend.

These measures, including the tightening of VAT legislation, have been passed by the House of Representatives but are yet to be approved by the

Senate. They may have a rocky passage there as many of the incumbents are gearing up for elections in May.

The government also has to push through with the second phase of a power price increase before the \$400m remaining from the IMF facility can be drawn. The IMF agreed to a \$250m (\$195.6m) loan to compensate for economic losses estimated at \$1bn caused by the Gulf war.

The finance ministry hopes to have received the good housekeeping stamp by the end of February.

The fund agreed the increase in order to meet additional spending demands around Mt Pinatubo, the volcano that erupted last year devastating parts of Luzon island, north of Manila.

President Corason Aquino also yesterday vetoed Senate proposals that would have limited the percentage of export earnings going to repay foreign debt.

# Hyundai to close plants temporarily

By John Ridding

HYUNDAI Motors, South Korea's largest car manufacturer, announced yesterday it will temporarily close its plants in an attempt to resolve a growing industrial dispute.

The decision follows a vote by 30,000 company union members to stage a go-slow in support of claims for higher bonus payments, better working conditions and the dropping of charges against union leaders. It will further heighten the stakes in a test of strength between management and the union.

The dispute represents an important test case for Korean labour-management relations as a whole.

Industrial relations have been improving after three years of widespread dislocation and strikes following the introduction of democracy in 1987. Last year the number of strikes fell to less than 240, against 1,610 in 1989.

A spokesman for Hyundai Motors said management had no choice but to shut the plants. "The go-slow is paralysing production," he said, adding he expected the union to end the dispute quickly.

According to the Koreans, the dispute is likely to cost the company 25,000 cars, worth \$150m (\$93.7m), in January and may cause disruption to exports.

A senior North Korean diplomat said yesterday his country wanted national unity through confederation with the south, with both retaining their present social systems. Renter reports from Geneva.

# Korean war-time memories sour Miyazawa mission

By John Ridding in Seoul and Robert Thomson in Tokyo

MR Kichiro Miyazawa, Japan's prime minister, plans to call for a "future-oriented partnership" with South Korea, during a visit to Seoul due to begin today. However, several issues stand in his way.

For the past few weeks the Japanese government has been confronted with claims that at least 100,000 Korean women were forced to work in Second World War military brothels, the so-called "comfort women". Tokyo has claimed this was a private enterprise and no documents existed proving a clear relationship between the military and the brothels.

However, after several documents were produced last weekend supporting the allegations, Mr Miyazawa said: "It is undeniable that the Imperial Japanese army was involved in the recruitment of these women and the management of these facilities. I wish to express my apologies and remorse to all those who underwent indescribable suffering."

But the damage had been done. With Koreans feeling insulted by Japan's reluctance to admit responsibility for its brutal occupation of the Korean peninsula.

In Seoul, the Japanese leader will also be under pressure to reduce his country's rapidly expanding bilateral trade surplus, although Mr Miyazawa would like to concentrate on broader issues.

He is scheduled to address the South Korean parliament and plans to suggest the two countries play an important role in solving regional and global problems. The prime minister will have to reassure his hosts that Japan is proceeding cautiously in its talks with North Korea, which is keen to improve economic links with Tokyo.

The bilateral trade deficit - a source of increasing concern in Seoul - has expanded greatly since the mid-1980s. In 1991, according to Korean Ministry of Trade and Industry estimates, the trade deficit with Japan widened to \$8.9bn (\$4.91bn), an increase from \$6bn in 1990 and about 30 per cent of Korea's total trade gap.

Korean economic officials will request tariff reductions of up to 50 per cent on 16 of Korea's main export items, including textiles and footwear. Korea will also ask for sharp increases in export quotas on chemical and steel products and will demand improved access for Korean construction companies.

However, officials in Seoul are not too optimistic about prospects for their demands. "Japan has told us so many times that it will help increase Korean imports, but it never turns words into action," said one official at the Ministry of Trade and Industry in Seoul.

"They bow over to help the Americans, but they do little for us," he added.

A serious obstacle to human rights. Algeria today is at the crossroads. Family ties, regional loyalties and religion are the keys to understanding it.

Against the appearance of a modern state with a progressive ideology, these factors outweigh all others, at street level and in government and are still the real checks and balances in a society which has yet to forge its identity nearly 30 years after gaining independence from France.

The divisions are only in part between haves and have-nots. The fault lines fracture every professional, language, regional and social group in the country.

The young Algerians who were educated in the post-1962 parallel system, where Arabic was the medium of instruction, have not

been given access to the top jobs in diplomacy or industry.

Furthermore, the lack of freedom in a single party system, whose official discourse denounced the West and heaped praise on everything Arab, also played its part in fostering the idea that a return to traditional Muslim values would purge society of "perverted" Western values.

Reconciling this country with its history, helping it to forge a less confused sense of its own identity is the challenge that Mr Bouidiat and his peers face.

He will need the support of a strong and competent government to enact the painful reforms needed to buttress the liberalisation of the economy and get people back to work.



An elderly protester pushes a riot policeman blocking her path to the Japanese embassy in Seoul yesterday

Improved economic relations is the structural nature of the deficit. In particular, Korean manufacturing companies continue to depend on Japanese components, capital equipment and machinery.

At a time of industrial restructuring in Korea - undertaken in an attempt to offset the impact of rising wage costs through automation and

more efficient production - the result has been a surge of imports of Japanese capital goods.

Imports of these goods are expected to see further strong growth this year. And with continued weakness in Korean exports to Japan, South Korea's trade ministry is expecting a widening of the bilateral deficit to about \$10bn.

# Recession in India deepens

By K K Sharma in New Delhi

INDIAN industry is in a sharp recession according to half-yearly figures released yesterday and indications are that it will continue.

Figures for the first six months of the financial year show that the decline in the manufacturing sector 1.9 per cent, while production in mining and quarrying fell 2.6 per cent.

Capital goods have been particularly badly affected and their production was down by 17 per cent.

Consumer durables were down by 11 per cent, while production of consumer goods fell less sharply by less than 1 per cent.

Quick estimates of industrial production released yesterday showed that out of 165 industries, only 45 had recorded any growth while the remaining 70 have shown a marked decline in production.

The overall fall in industrial production means economic growth is likely to fall short of the modest 3 per cent of gross domestic product forecast by the government for 1991-92.

When the government is preparing to present its budget next month and means that revenues from excise duties will fall short of estimates. The finance minister had promised to cut the fiscal deficit to 5 per cent of GDP. This will now be difficult unless expenditure is severely curtailed.

The recession is expected to lead to retrenchment of workers in many industries and the labour unrest that is expected to follow will exacerbate the government's difficulties.

Reports in Indian newspapers say that some senior cabinet ministers and members of the ruling Congress party are asking Mr P V Narasimha Rao, the prime minister, act by slowing down his economic reforms.

This is because they fear that the 14 per cent inflation rate will rise in the coming months and they have warned the prime minister that this will affect the position of his authority government.

The government will, however, find it difficult to go back on its economic policies since disinvestment of further instalments of the steady credit of \$2.5bn (\$1.2bn) from the International Monetary Fund is dependent on fulfilling performance criteria.

# Algeria reaches into the past to avoid fundamentalist regime

MR Mohamed Bouidiat's decision, at the age of 71, to return to his country from where he voluntarily exiled himself after 1963, to preside over a five-man collegiate presidency until the end of next year, is symbolic of an attempt by senior Algerians to reconcile their country with its turbulent history, writes Francis Githlis in Algiers.

Mr Bouidiat is one of the three surviving "historic chiefs" of the Algerian revolution, the men who launched the fight to rid their country of 132 years of French rule.

That struggle claimed 1m dead in a war that not only pitted French against Algerians but also resulted in violent strife within each community.

Mr Bouidiat, who has been adamant in his refusal to live under

what he has always considered to be a military dictatorship, will ostensibly lead a "Jemaa", a sort of council of elders which in traditional Maghreb society seeks to settle feuds and maintain the unity and prosperity of the tribe.

However, Defence Minister Khleed Nezzar, the strong man since the annulment of the second round of the elections that were poised to put the fundamentalist Islamic Salvation Front in power, was also a member of the briefly created High Security Council and presumably was a key figure in the dramatic decision to recall Mr Bouidiat.

The ability of Mr Bouidiat to get on with Gen Nezzar and the Algerian military as a whole, whom he has always distrusted, will be a key factor - unless Mr Bouidiat is to be

Mr Abdelkader Hachani, the FIS leader, yesterday said the new leadership was a coup d'état against the Islamic state. Renter reports from Algiers. "In truth, the question is a coup d'état against the Islamic state, and not against the president but against the Algerian people," he said.

He said that the Constitutional Council did not have the right to cancel the elections which were

annulled at the weekend. Mr Hachani told a news conference in Algiers that the only legal body now existing was the block of parliamentarians elected at the now scrapped poll.

He suggested that they could meet and challenge the new leadership. Mr Hachani claimed that the authorities had started a crackdown against FIS militants and had arrested 50 in Algiers.

He said that the FIS was not too optimistic about prospects for their demands. "Japan has told us so many times that it will help increase Korean imports, but it never turns words into action," said one official at the Ministry of Trade and Industry in Seoul.

"They bow over to help the Americans, but they do little for us," he added.

A serious obstacle to human rights. Algeria today is at the crossroads. Family ties, regional loyalties and religion are the keys to understanding it.

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## AMERICAN NEWS

# Investors in US brush aside gloom of the latest figures

Recent statistics are pessimistic but businessmen are betting the economy will rebound in the second half, reports Michael Prowse

THE LATEST economic figures suggest that the US economy is weakening rather than strengthening. Yet share prices bound from one new high to another.

The explanation offered on Wall Street is that investors are betting that the economy, after three years of stagnation, will begin a sustained recovery later this year. Lower yields on bonds and bank deposits following the Federal Reserve's aggressive easing of monetary policy before Christmas have also prompted a shifting of cash into the stockmarket.

US forecasters' consensus is that the economy will indeed rebound in the second half of this year. Most have pencilled in growth of about 3 per cent at an annual rate - exactly the forecast they made this time last year for the second half of 1991. The question is whether the optimism will again prove misplaced.

It is certainly difficult to draw any comfort from recent economic statistics. Worse-than-expected figures for retail sales released this week indicated that 1991 was the worst year for department stores in at least two decades. Sales fell sharply in December and were revised down substantially for November. Car sales for the first 10 days of January were also down sharply, signalling no early recovery of consumers' spirits.

"The deterioration in consumer spending in the fourth quarter is a major hurdle for

the economy," says Mr David Resler, chief economist at Nomura Securities in New York. The stockmarket, he adds, is "totally blinded to current events and looking well into the future."

Figures for employment and production are little more encouraging. In December, the unemployment rate rose to 7.1 per cent, a five-year high.

But the rebound did not reflect private-sector strength because it was more than accounted for by an erratic rise in state and local government employment. Taken as a whole, the fourth quarter showed a marked deterioration in employment prospects.

The Purchasing Managers' Index - a much-watched gauge of manufacturing industry's health - is falling at an accelerating rate. Last month, it fell four percentage points to 46.1, which suggests a contraction of the industrial economy. Industrial production and the index of leading economic indicators have also turned down decisively.

The evidence so far suggests that production, although weak, was stronger than demand in the fourth quarter. Inventories rose in both October and November as companies' sales fell short of expectations. Economists are divided on whether gross domestic production was flat or slightly down in the fourth quarter. But the need to bring production and demand into better balance strongly suggests a

drop in gross domestic product (GDP) in the current quarter. The feared "double dip" recession thus looks a reality.

Why has sentiment in the financial markets improved so noticeably in spite of growing evidence that the recession - already the longest since 1945 - is intensifying again?

The turning point was the announcement late in December by Mr Alan Greenspan, chairman of the Federal Reserve, of a full point cut in the discount rate to 3.5 per cent, the lowest level in 27 years. This move - the boldest in Mr Greenspan's career - convinced markets that the Fed was determined to revive the economy.

Mr Greenspan testified before Congress on Friday that he hoped the sizeable monetary stimulus now in the pipeline would prove sufficient. But he added that he was ready to take whatever steps were necessary to ensure a sustained economic recovery. Many analysts have interpreted this as a commitment to further interest rate cuts if growth fails to pick up.

"I'm confident that rates will be cut further," says Mr Neal Soss, chief economist at First Boston Corporation, a New York broker. He argues that Mr Greenspan needs to react not only to renewed weakness of the US economy, but to gathering evidence of a recession in Europe and Japan that could curb US export prospects. Few analysts, however,

expect another cut in interest rates before February, and some believe that rates are already at, or very near, the bottom.

The widespread optimism that the long-awaited recovery really will materialise in the second half largely reflects confidence in the efficacy of monetary policy. The housing market - the sector traditionally most sensitive to interest rates - has not yet shown convincing signs of recovery, but many economists believe that it must eventually respond to lower mortgage rates. In recent weeks, homeowners have rushed to refinance loans at the new, lower rates. Lower interest rates are also increasing the attractions of investment in consumer durables such as cars and domestic appliances.

Optimists stress that companies are seizing a golden opportunity to restructure balance sheets and to pay down the debt build-up of the 1980s. Lower long-term interest rates and strong equity markets prompted record bond and equity issues last year. In theory this should eventually support increased capital investment and the rehiring of workers.

The problem lies in judging the time needed for adjustment. Each successive year of economic stagnation increases the likelihood of a recovery. But debt burdens still remain uncomfortably high throughout the economy, while consumer confidence languishes at a near-record trough. The Bush administration, moreover, has done little to address long-term weaknesses such as the US's abnormally low savings rate.

Measures in the President's State of the Union address later this month, while being promoted as a long-run growth package, may lead in practice to even higher fiscal deficits, which is precisely the wrong prescription in the eyes of many economists.

The forward-looking optimism of financial markets is thus more akin to an act of faith than a considered economic judgment.



Shafik Handal, one of a delegation of five FMLN left-wing guerrilla commanders, arriving in San Salvador. The guerrillas are to sign a United Nations mediated peace accord with the government of El Salvador in the capital today. Feature, page 20

## Menem aide quits over milk scandal

By John Barham in Buenos Aires

ONE of Argentine President Carlos Menem's most trusted aides resigned yesterday after press allegations that he is a shareholder of a company that sold sub-standard powdered milk at inflated prices to a public nutrition programme for children.

Mr Miguel Angel Vico, one of Mr Menem's two private secretaries, is also a close friend of the president. He had direct access to Mr Menem and handled delicate government missions, as well as the president's private affairs.

An investigation led by Páginas12, an opposition newspaper, claimed that Mr Vico and Mr Carlos Spadone, also a government official until forced from office last month,

## Higher welfare charges blocked by Brazil parties

By Christina Lamb in Rio de Janeiro

PRESIDENT Fernando Collor de Mello of Brazil was left isolated yesterday after an emergency government bill to increase social security contributions had been rejected by all parties, including those which support the government.

The bill was introduced to cover \$10bn in extra pension payments that the government will have to make as a result of a court having ruled that pensioners shall be given a 147 per cent increase.

Unless the government can find a way to raise this money, the payments would threaten to jeopardise its fiscal adjustment plans, which will be presented to the board of the International Monetary Fund next Wednesday. The board is due to discuss them a \$2bn stand-by loan for Brazil.

The unanimous rejection of the bill, effected in talks before any vote could take place in Congress, was communicated to Mr Collor in a note signed by all 17 parties in Congress and written by Mr Ricardo Fiuza, leader of the government bloc.

Meeting journalists yesterday, the president warned that the government would not print money to meet the payments as this would threaten the battle against inflation, which is running at 24 per cent a month.

He said: "One more time, I must make clear that this government is not going to reopen sources of inflation."

The president added, however: "I am open to any suggestions as to how we can pay this pension increase."

## Haitian MPs to rule on premier

By Canute James in Kingston

THE Haitian parliament is to decide whether it will accept the head of the country's small communist party as an interim prime minister, in moves to clear the way for a return to the country and to power of President Jean-Bertrand Aristide. He was overthrown and sent into exile by the army in September.

Although Mr René Théodore, the communist leader and a critic of Father Aristide, has said he will accept the post, many legislators, and the army leaders, continue to have reservations about any moves leading to the return of the president.

Mr Théodore has been accepted as a compromise candidate by Fr Aristide and the Organisation of American States.

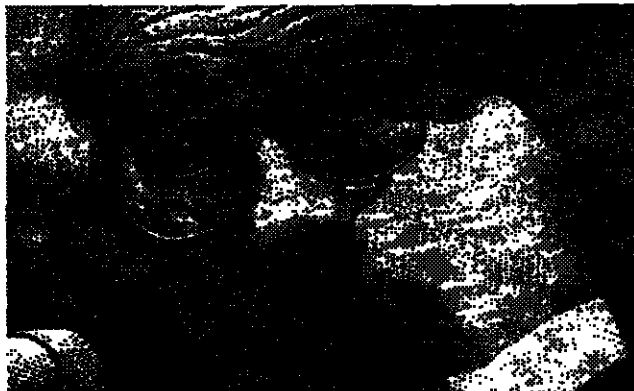
Mr Théodore has said, however, that his acceptance of the post is conditional on the lifting of a trade embargo imposed on Haiti after the coup by OAS members and several European countries. His position thus supports that of the military.

cannot set any dates for the return of the president, suggesting that he would have to be guided, perhaps by the country's military leaders.

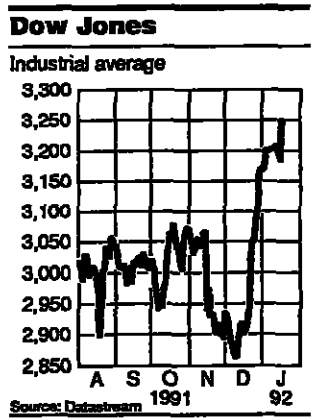
The OAS has maintained that the president must be back in office before trade is reopened. But diplomats in Port-au-Prince, Haiti's capital, and Washington, said yesterday that the OAS was likely to be flexible, and would be willing to consider a phased removal of sanctions when there were clear signs that Fr Aristide would be allowed to return.

The army, which will have the final say, is concerned about the impact of Fr Aristide's return. He has said that junior officers involved in the coup were following orders, but their commanders would be tried or exiled.

The military and Haiti's small elite also fear that the return of the populist politician would embolden his many poor supporters to act against those who staged and supported the coup.



Alan Greenspan: his boldest move yet



## WORLD TRADE NEWS

## GM forms joint venture in China to build trucks

By Kevin Done, Motor Industry Correspondent, in Detroit

GENERAL Motors of the US, the world's largest vehicle maker, has formed a joint venture in China for the production of light commercial vehicles.

The venture, which will be GM's first vehicle project in China, will have an equity capital of \$33m (£18.5m).

Total investment by the joint venture in the project is expected to be \$100m by the end of the decade.

The US vehicle maker is taking a 30 per cent stake in Jinbei GM Automotive Company, a joint venture formed with Jinbei GM Automotive, currently a producer of vans and light duty trucks.

The new company, which is to be located at Shenyang City, about 700 km north-east of Beijing, will start assembly of GM's North American S-series pick-up trucks later this year.

GM said yesterday that output would increase gradually during the 1990s to reach some

50,000 a year by 1998. Initially the trucks will be assembled from semi-knock-down kits shipped from North America, but GM said that it would gradually increase local content by using a rising share of locally supplied parts.

GM's first automotive project in China was the sale in 1988 of an engine manufacturing line for 2.0 litre engines to the Bei Nei Engine Factory.

The engine plant is planned to have an eventual capacity to produce 200,000 units a year. Initially 2.5 litre engines for the pick-up trucks to be assembled by Jinbei GM Automotive will be supplied from North America, but these will gradually be replaced by engines from the Bei Nei plant, when production starts later this year.

GM said that it would provide management personnel, training, and technology to the joint venture company, which would have a workforce of around 5,000.

## China steps up pressure over US sanctions

Yvonne Preston analyses the two countries' campaigns ahead of today's deadline

ACCUSED by Washington of being the biggest pirate of US copyright and patents in the world, China has fought a tough and noisy campaign to prevent the US from imposing punitive trade sanctions against Chinese exports worth up to \$1.5bn (£840m).

As today's US deadline approached for the Chinese to reach an acceptable agreement on the issue of face still retaliation, Beijing steadily increased the tempo of its campaign.

This reached a peak last week with the threat of counter-retaliation in the form of a "hit-list" of \$1.2bn-worth of US exports, from aircraft, chemicals and steel, to cotton and corn, that could be subject to tariffs of up to 100 per cent.

Meanwhile, Beijing left no stone unturned in its efforts to prove its good faith. A little more sincerity on the US side was what was needed, its negotiators loftily claimed, while blithely affecting to be unaware of considerable evidence of wide-ranging piracy in videos, computer software, books, movies and music recordings.

The Communist Party news-

paper People's Daily took up the cause of proving that China meant well, trying to present a country unjustly misrepresented by its critics, notably the US.

It gave prominence recently to a report of a crackdown on unauthorised Chinese editions of the US novel *Scarlett*, the bestselling sequel to *Gone with the Wind*.

The Shanghai Translation Publishing House bought the exclusive copyright, the paper said, and planned to publish a Chinese edition in simplified Chinese characters.

It reported that, when the State Administration of Press and Publication Copyright Bureau learned that other Chi-

nese publishing houses planned to bring out their own editions, they were ordered to stop translating and not to publish.

The People's Public Security News managed to track down an alleged US infringement of copyright against a Chinese novel.

The newspaper accused the International Daily News based in Los Angeles of serialising the novel without permission. However, the real issue is less about pirated books - although there are thousands locked up in university libraries and in private rooms in Chinese bookshops - than about protection for highly valuable computer software

and industrial patents.

Chinese patent law protects only processes not products. Chinese companies have been able to take up US products, such as pharmaceuticals and chemical fertilisers, slightly change their manufacturing process and thereby avoid infringement of patent.

Trademarks are another problem area.

Here, China points to what it sees as US guilt. A Xinhua news agency report last year said China had declared illegal and confiscated products infringing the M & M chocolate patent of Mars Inc, and fined the infringers.

By contrast, complained Xinhua, the US delayed setting a

case of infringement of the trademark of China's Qingdao Brewery, even though the case had dragged on for two years.

Nevertheless, the weight of the case appears to remain overwhelmingly with the US. When Mr Joseph Massey, the US assistant trade representative, emerged last month from the fifth and penultimate scheduled round of talks in Beijing, he made no secret of US dissatisfaction.

He described China as "the single largest pirate world-wide of US copyrights" and "the largest unauthorised user of US pharmaceuticals."

He said: "We are suffering substantial economic harm because of Chinese piracy," he said.

US manufacturers estimate they have lost \$630m (£240m) from copyright violations on the Chinese mainland.

All of this of course increases unwanted trade tensions. Moreover, China does not want a trade war.

But neither does the US want to deal with a rogue elephant, trampling international convention and violating copyright and patents on its hard-won and expensively re-

## BP quits Qatar gas project

By Deborah Hargreaves

BRITISH Petroleum said yesterday it will pull out of Qatar's huge liquefied natural gas (LNG) export project. BP said its 7.5 per cent stake in Qatargas will now revert to the Qatar General Petroleum Corporation, which holds a 70 per cent share in the project.

Qatargas was set up seven years ago to export LNG from the country's North field. The \$5bn project to develop the world's largest gas field is run by the QGPC (Qatar's state energy company) and three foreign partners. Total, a French resources company, and Mitsui and Marubeni, Japanese trading houses, have 7.5 per cent each of the project.

BP said its decision to pull out was made for internal reasons and that, given the calls on its investment funds, it would get better returns elsewhere. The company has led feasibility and technical studies for the project, but declined to specify the level of its investment so far.

Qatargas expects to start exporting 4m tonnes of LNG in 1997 from the North field.

## HK gets six tenders for airport work

THE Hong Kong government has said it has tenders from six prequalified contractors for site formation work as part of the project to build a new airport. Reuter reports from Hong Kong.

The work preparing for a suspension bridge and motorway interchange is on the north-western part of Tsing Yi Island.

"The contract will be fixed-price lump sum. This is to ensure as far as possible that the works are completed on time and within budget," said Mr Kwei See-kan, Director of Highways.

The contract is due to be awarded in April and is expected to take 28 months.

The contractors include Nishimatsu Construction, Bilfinger and Berger, Aclit Corporation, Tobishima Corporation and Dragages et Travaux Publics.

## Mitterrand rejects Dunkel plan for Uruguay Round conclusion

By Ian Davidson in Paris

FRANCE yesterday rejected the Dunkel plan for the conclusion of the Uruguay Round of international trade liberalising negotiations, which it described as unfair to French interests and unacceptable.

President Mitterrand told the government, meeting in cabinet, that "France is not ready to bow to American demands nor to submit to the interests of any other country, and will not give way."

The French government's objections are directed primarily at the agricultural provisions of the Dunkel plan, which would call for sharp restraints on European farm-



Mitterrand: not ready to bow to American demands

ing, including limits on exports.

"Our country rejects the Dunkel report in its present form," said Mr Roland Dumas, the foreign minister, "because

of its partiality and its disregard for the interests of French and European agriculture."

Mr Dumas said that France would insist on sticking to the negotiating mandate given by the 12 member states to the European Commission, and "would refuse any submission to non-European interests."

Mr Louis Mermaz, Agriculture Minister, described the Dunkel report as unacceptable on many points and "totally unacceptable" in the agricultural field.

The US also came under attack in Brussels in a statement issued yesterday by Mr Frans Andriessen, the European Community's Trade and External Relations Commissioner. Mr Andriessen said he was "unpleasantly surprised"

by the remarks of President Bush this week the EC was hiding behind an "iron curtain" of protectionism.

## Gatt drug plan agreed by Canada

By Bernard Simon in Toronto

CANADA has endorsed the Uruguay Round proposals to strengthen patent protection for brand-name pharmaceuticals, in the face of strong protests from the powerful generic drug industry.

The endorsement, if the Uruguay Round is successful, would effectively end compulsory licensing, which has been a thorn in the side of the world multinational drug industry for more than two decades. A 1969 law required pharmaceutical makers to license products to generic companies long before their patents expired.

Brand-name suppliers were given greater patent protection in 1987, but the law still allows generic companies to copy a drug within 7-10 years of its launch. Acceptance of the proposals would extend patent protection to 20 years.

## Ericsson in Portuguese contract

By Robert Taylor in Stockholm

ERICSSON, Sweden's leading telecommunications company, announced yesterday it had won a SKr62m (£8.3m) order from Telecel, the Portuguese communications group to install a national private digital mobile telephone system in Portugal.

As sole supplier, Ericsson hopes that the system will come into commercial service next October. The system plans to cover 150,000 subscribers and 85 per cent of the country by 1996.

In a statement Ericsson said that Portugal was the 14th European country to select the company as a supplier of mobile telephone systems. It added that the order also represents "a strategic breakthrough" for Ericsson in Portugal for the supply of the company's AXE switch gear.

## Kat-Parts

A Financial Times article published on March 14, 1991 was the subject of a court statement yesterday. Mr Noel McMichael, solicitor for Kat-Parts Inc, told Mr Justice Drake in the High Court in London that the article, headed "Moles unearth spare parts scam" concerned the efforts of Caterpillar Inc. by the use of private investigators, to eliminate a counterfeiting network.

He said the article, which was substantially based on the information provided to the FT by Caterpillar, accepted that Kat-Parts had been identified as part of a counterfeiting network which was costing it several million US dollars a year and enabling Mr William Dann, the head of Kat-Parts, to fund an extravagant lifestyle.

The FT now accepted that it should not have portrayed this and other matters as proven fact.

The newspaper's solicitor, Mr Richard Shillito, agreed that the FT wished to make clear that while Caterpillar had brought an action against Kat-Parts in the US District Court

for the southern district of Texas, Houston, in which allegations of dealing in counterfeit parts are made against them, Kat-Parts are vigorously defending the proceedings. The issues are yet to be determined in the action.

In the meantime, he agreed, Kat-Parts is not restrained from dealing in Caterpillar spare parts nor, as a result of the denial of an application by Caterpillar in the US proceedings which was heard on May 3, 1991, is it restrained from trading under the name Kat-Parts Inc.

Kat-Parts had assured the FT that spare parts which it agreed to supply to Caterpillar's agents were all manufactured or supplied by companies which were authorised Caterpillar sub-contractors. Kat-Parts had also assured the FT that it does not employ a team of immigrant workers and that Mr Dann does not have a luxury trailer on the Kat-Parts site in Houston, nor a house in France, and does not lead an extravagant lifestyle, the solicitor said.



## UK NEWS

## London and Washington 'briefed on supergun project'

By Richard Donkin and Jimmy Burns

BRITISH and US officials were told about the military uses of the Israeli supergun project before parts were delivered to Saddam Hussein's regime, the manager for the project told MPs yesterday.

Dr Chris Cowley said in written evidence to the House of Commons select committee on trade and industry that Dr Gerald Bull, the inventor of the 'supergun', had told British intelligence contacts about his work with Iraq in 1988.

He also claimed that in the same year representatives of Dr Bull's company, Space Research Corporation, told the US State Department about the project which included the design of a 150mm self-propelled gun, 'ballistic programme', and a supergun known as Project Babylon.

The claim drew a fresh political offensive against the government over the supergun affair. Mr Gordon Brown, the opposition's trade and industry spokesman, said that the claims appeared to be at variance with previous official statements made to the select committee by the Department of Trade and Industry.

Mr Brown said last night: "I am today writing to the prime minister to demand an urgent statement from him which makes clear exactly who knew what, and when, in government, about the export of supergun parts to Iraq, and whether despite an arms embargo and all previous statements to the contrary the government did indeed know that British exports were being used to build up Saddam Hussein's military machine."

In written evidence to the committee, Dr Cowley said that Dr Bull had openly discussed his security concerns within International Military Services, a government-owned defence sales company. British sales department of Midland Bank, "Midland Bank trade credits seemed to be important in securing final approval for the contract for Project Babylon to be awarded to British companies," Dr Cowley said.

He told the committee that he had been at a dinner in Baghdad with Dr Bull and a senior official of Midland Bank in June 1988. Dr Cowley said that Midland secured most of the British contracts with Iraq at that time.

Midland Bank said it was a matter of record that the bank had led a number of ECGD-backed credits to Iraq for the supply of goods and services and pharmaceuticals. It denied financing any of the supergun contracts.

Dr Cowley, who was at one point accused by UK customs officials and accused of illegal arms exports - charges that were subsequently dropped - was asked by the committee if he thought the British government had been involved in Dr Bull's work in March 1988.

He replied: "I would not surprise me in the least... over the years I have worked with Space Research Corporation. It became apparent that MIS was out of control in some areas."

## Labour rethinks plan to raise tax contributions

By Alison Smith and Philip Stephens

BRITAIN'S opposition Labour party gave the first indications yesterday that it may water down plans to raise taxes because of the potentially crippling impact on its electoral support in southern England.

The Labour leadership is now reconsidering proposals for sharp increases in National Insurance Contributions (NICs) for those earning more than £20,000 a year.

At present all wage earners pay contributions - currently a nine per cent levy to pay for social security benefits - on earnings up to £20,280. Those who earn more do not pay extra National Insurance.

Senior Labour party figures are suggesting that the proposed abolition of the £20,280 ceiling on such contributions could be phased in over a number of years rather than come into effect immediately after the general election.

The change of heart - which follows an intense Conservative onslaught on Labour's tax and spending plans - reflects growing concern in the shadow cabinet about the unpopularity

of the plan among voters in key marginal constituencies in south east England.

Labour needs to win a swathe of seats around London and in the rest of southern England if it is to have a chance of defeating the government in the election which must be held before July.

But its concern about the impact of the NICs change will be reinforced by the publication later this month of a region-by-region breakdown of the effect on voters in different parts of the country.

It is understood that a report under preparation by the Independent Institute for Fiscal Studies (IIFS) will show that in parts of the south east more than a third of those in employment would be forced to pay more if Labour were elected.

There are two possible ways to phase in the abolition of the ceiling. Party leaders have floated the option that initially people earning more than £20,280 would pay NI contributions on anything above that point at a lower rate than the

nine per cent level levied on the rest of their income.

Another possibility, suggested by the IIFS, would be a gradual increase in the ceiling over a number of years until it was eventually aligned with the top rate tax threshold and then abolished.

Either would bring Conservative charges of a dramatic U-turn forced upon the opposition by the effectiveness of its attacks on Labour's tax and spending plans over the last 10 days. It would also put a question mark over the financing of the opposition's spending plans.

But if Mr Neil Kinnock confirms the plans for a phased change he will insist that it is entirely consistent with long-stated pledges to avoid large disruptions in family budgets.

Party figures were last night referring to a phrase in the party's latest policy document, Opportunity Britain, which states: "Fundamental tax reforms of the kind we propose must be introduced gradually so that family and business budgets are not disrupted."



MORE than 280 Liverpool residents yesterday appeared at the city's magistrates court following the council's decision to issue 255,000 summonses against poll-tax defaulters. The court action is part of moves by Liverpool City Council to recover £20m in unpaid tax. Magistrates were due to hear cases against 5,500 defaulters yesterday and Ms Lesley Mahmood, the left-wing councillor and parliamentary candidate, was among the first to attend the proceedings.

## Government averts gas supply dispute

By Deborah Hargreaves

THE government stepped into the row between British Gas and its regulators yesterday, heading off a far-reaching investigation by the Monopolies and Mergers Commission that had threatened to cast a shadow over the industry for most of this year.

Mr John Wakeham's intervention in the row between British Gas, its regulator, OFGAS, and the Office of Fair Trading (OFT) preserves the energy secretary's ambition to encourage more competition in gas supply without throwing the industry into upheaval.

Mr Robert Evans, British Gas chairman, appealed to Mr Wakeham after failing to get assurances over flexibility on domestic prices from OFGAS, the regulator.

The government's action enabled British Gas to climb down from conditions it attached to its agreement with the OFT to have its share of

the industrial gas market and to have off its pipeline division.

Mr Evans has now told Sir Gordon Borrie, director of the OFT, that he is prepared to sign undertakings to increase competition in the market without any conditions.

In return, Mr Wakeham assured British Gas that OFGAS would review a tough new pricing formula for domestic customers which is due to come into force in April.

In talks before yesterday's agreement, British Gas had displayed its deep distrust of Sir James McKinnon, director general of OFGAS, by asking for the MMC to arbitrate in any potential dispute over pricing between them. The company says Mr Wakeham's assurances make this unnecessary.

OFGAS, however, still believes that British Gas is aiming to raise customer prices to offset losses resulting from cuts in its industrial business.

## BRITAIN IN BRIEF



## EC insists on workplace smoking code

British employers will have to provide separate no-smoking rest areas from the end of the year or ban smoking in rest rooms altogether under rules being brought in to comply with a European health and safety directive.

Pregnant women and nursing mothers will also, for the first time, have to be provided with their own separate rest facilities at work under the regulations.

An increasing number of organisations are moving towards workplace smoking bans. These regulations could speed the process as employers decide it is simpler to outlaw smoking altogether, rather than having to find separate rest rooms for non-smokers. Marketing, Page 10

## Sumitomo, Lucas win order

A joint venture between Lucas Industries and Sumitomo of Japan has been awarded a £10m-a-year contract to provide electrical wiring systems for the cars Toyota is to produce at Burnaston, Derbyshire, starting in December.

Lucas said the contract would lead to the creation initially of 100 additional jobs within the joint venture company, Lucas SEI Wiring Systems. Employment is expected to rise further as car output itself increases during the 1990s. The Lucas/Sumitomo contract is one of 150 that Toyota is in the process of awarding to European-based suppliers.

Two French computer experts who stole six computer discs containing the daily transfers of millions of pounds from the headquarters of Barclays Bank International have each been jailed for four years. Mr Guy-lain Olivera de France de Terfant and Mr Michel Bruchon admitted burglary and stealing the discs but denied conspiring to defraud the bank by using the stolen discs to divert money.

The privatisation of the port of Tees & Hartlepool is to be delayed for about two weeks while the government investigates allegations that it was conducted unfairly, the department of transport said, in a Commons debate on Tuesday night. Ms Joan Walley, a Labour transport spokeswoman, said there "serious allegations of fraud, bribery and corruption" relating to the Tees & Hartlepool bidding. Mr Patrick McLoughlin, shipping minister, said no final decision would be taken on the sale until the allegations had been studied "very carefully". Results, Associated British Ports, Page 18

The knock-on effects of foreign direct investment to the UK are numerous, widespread and not always transparent, according to a study commissioned by the Department of Trade and Industry. The study, Coopers & Lybrand Deloitte in collaboration with Benchmark Research, predicts that inward investment could account for as much as 25 per cent of all new capital formation in 1991/92, against 15 per cent in 1989.

## Port inquiry delays plans

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## Investors in UK to increase

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## Lilley denies PO sell-off

Mr Peter Lilley, industry secretary, made it clear that his proposals to inject more competition into the Post Office did not amount to wholesale privatisation. While restating his determination to liberalise postal services he frequently referred to the government's commitment to a nationwide letter service with a uniform affordable price structure. He later added: "There are no government plans to privatise the Post Office at present."

## IoD urges budget tax cuts

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## THE LLOYD'S REPORT - ANALYSIS

# Report seeks to reconcile history with modern needs

Richard Lapper looks at the proposals from the task force and their impact on the future running of the market

AT THE end of the 1960s, Lloyd's of London, the insurance market, ignored many of the recommendations of the Cromer Report, the last searching examination of its business structures.

The report advocated radical changes, but it was not published, and gathered dust, largely unused.

There is little chance of Lloyd's A Route Forward, published yesterday after a year's work by a 14-strong task force, suffering a similar fate.

The Lloyd's Council, the insurance market's governing body, has accepted the bulk of the 240-page report's 65 recommended reforms and the long task of translating the recommendations into new rules for the market has begun.

Within the next five to 10 years, the changes may radically alter the way business at Lloyd's is conducted.

Mr David Coleridge, chair-

man of the market, said work on implementing the report would begin "at once and forthwith". Six working parties are being set up, supplementing Lloyd's network of committees to examine practicalities.

Most Names - the wealthy individuals whose wealth backs the market - will have copies of the report by Saturday, and during February and March a Lloyd's roadshow - involving senior market figures - will travel to 32 international venues to present the conclusions of the report and take soundings from meetings of Names.

Mr Coleridge hopes that plans to cap Names' liabilities - the most controversial proposal - will be completed by April so that they can be in operation for the beginning of the 1993 underwriting year. There are also hopes at Lloyd's that members' agents pooling arrangements (Mapas),

designed to allow less well-off Names to spread risks more widely, will also be ready for next year.

The capping proposal marks a watershed in Lloyd's 300-year history, during which it has clung tenaciously to its principle of unlimited liability, whereby the losses of its Names or underwriting members must be paid even if it means selling their personal possessions.

The principle, which stems from Lloyd's origins in the 17th century, when wealthy merchants banded together to insure ships and their cargoes, has been a mixed blessing. Many potential wealthier members of Lloyd's have been dissuaded recently from joining by the prospect of personal bankruptcy.

The task force recommends that the tax advantages and other advantages of unlimited liability are sufficient for its

maintenance, but the introduction of a cap - even at a relatively high level - radically alters its significance.

The central fund that will bear all losses over the cap will be replenished with a cash call from Names if it is needed, and only if the claims then overwhelm the market as a whole will the Names bear liability. The task force hopes the change will encourage Names to join Lloyd's - only 100 did so last year - and help stem the steady erosion in the market's capital base.

"In effect, the principle has gone," said the managing director of one Lloyd's agency. "Unlimited liability is now more of a symbol than anything else."

In the longer term, the task force's proposal to admit corporate capital into the market opens the way to the possible dominance of Lloyd's by limited-liability capital and the

eventual disappearance of unlimited liability as a guiding principle.

The task force acknowledges that the present tide of litigation involving Lloyd's Names and the agents who manage their affairs might eventually threaten the relationship between individual Names and their agents. More than 2,000 Names - about 10 per cent of the total - are currently involved in such legal action.

In addition, if the market's profitability is insufficient to persuade enough new Names to join Lloyd's, limited-liability capital might rapidly become the "predominant form of capital in the market."

The underlying theme of the report is the maintenance of the market's existing structures with radical reforms to improve competitiveness, reduce costs and modernise business practices, in the wake of a long-term decline in its

share of the international market for specialised commercial insurance and reinsurance.

Faced with the dilemma of reconciling the potential conflict between the need for strong central leadership and "the preservation of the entrepreneurial character of the market", the task force has opted to introduce a series of piecemeal changes to support market-led rationalisation in the short term. At the same time, the market must take action now to prepare for more radical long-term changes.

"All our recommendations seek to preserve and build on Lloyd's truly distinctive strengths, and in most cases seek to improve structures that exist today, rather than sweep them away and look for completely new structures," said Mr David Rowland, the Sedgwick insurance broker who chaired the task force.

Mr Rowland says that the

market's difficulties over the past two years have already prompted a number of important changes. Lloyd's reported its first global losses for more than 20 years in June last year and will report even heavier losses for 1991 and 1992. A number of syndicates have folded as a result and many managing and members' agents have either closed or merged. This year, only about 350 syndicates will be trading, compared with more than 350 last year. Those changes, coupled with the introduction of new technology, should help to cut costs, but the task force believes that "market forces alone will not accomplish all the necessary changes" and has proposed a number of measures to promote efficiency.

Lloyd's costs - especially the system of rating and servicing capital - have grown too rapidly compared to those borne by competitors in the

company market and must be reduced. In the medium term, the market hopes that costs can be cut by 50 per cent. Mapas will help save up to 212m a year but long-term rationalisation among agency groups is expected to yield much greater savings.

The task force's main difficulties concern the troubles of the past, and in dealing with those issues the radicalism becomes more muted. The task force admits that the demands stemming from US asbestos and environmental liability claims are insurmountable. Names facing heavy losses from US liability business have been given no respite and the task force admits that the woes of syndicates with open years - where liabilities are so uncertain that accounts cannot be closed - are likely to worsen.

*Lloyd's: A Route Forward*, Lloyd's, 1 Lime Street, London EC3M 7EA. 225

## Plans for long term see radical changes

THE TASK force report contains three proposals that would either require detailed changes to the Lloyd's Act, or further debate. If implemented, the introduction of limited-liability capital, the creation of a secondary market for syndicate participation, and a restructuring of the agency system would change the character of Lloyd's more than all the short-term reforms put together.

The idea of limited-liability capital is suggested as a sort of back-stop in case too few Names return to the market.

Limited-liability capital would be admitted in the form of "corporate members". Such members would be structured as authorised insurance companies, would have to meet very high minimum-solvency levels and size qualifications. They would participate alongside Names on syndicates.

In the case of corporate members - which could be owned by corporate or institutional bodies - going into liquidation, the Lloyd's Central Fund would meet outstanding liabilities on valid claims.

Significantly, the report points out that changes to the Lloyd's Act would also offer the option of moving to a fully incorporated basis of trading if the present capital structure failed to sustain growth.

Implicit in all that is that Lloyd's needs to boost its true liability to attract significant levels of corporate capital. That is certainly a key part of the aim behind the second long-term proposal: a restructuring of the agency system.

All individual Names would be required to spread the first 250,000 of their premium income limit via a Members' Agent Pooling Arrangement (Mapa), which would diversify risk more effectively than at present. Corporate members and wealthier individuals writing business above that limit, or "Super Names", could have direct agreements with syndicate managers.

The members' agency system would be divided into three different functions, performed either separately or by specialist firms. Fund managers would act as agents for Names in respect of Mapas; licensed advisers would advise Super Names on agency participation, and others on the choice of fund manager. Administrative utilities would carry out administration. The syndicate manager's role would be largely unchanged from that of today's managing agent. Syndicate managers, moreover, could be part of wider groupings.

Probably the most radical element is the proposal for a market in syndicate participations. Names, in other words, would have to pay to join a syndicate, buying capacity from a Name seeking to leave on a matched basis.

The report says the idea could resolve some of the structural difficulties arising from the fact that syndicates are "annual ventures" and have no legal identity in themselves. Names' returns would no longer depend on a single profit contribution. In addition, the returns would be based on the appreciation or depreciation in the value of their participation.

Apart from legal obstacles, the report admits to doubts about the feasibility of creating an efficient capital market with adequate information and sufficient liquidity. Increased volatility would also change the nature of Lloyd's. For those reasons it suggests that the case for a market in syndicates should be re-examined in three years' time.

Tim Dickson

## Fund to cap losses, but limited liability remains

THE recommendation by the task force of a high-level cap to limit excessive losses for Names does not abolish unlimited liability, but is a radical modification of the principle.

The market's recent losses have highlighted the risk of bankruptcy for Names, and many submissions to the task force urged an end to unlimited liability.

The task force's proposal calls for losses to be limited to an amount equivalent to 100 per cent of a Name's annual premium income over a four-year period.

A Name underwriting £100,000, for example, would

pay all losses up to £100,000. A central fund would pay losses above that figure.

The fund would be financed by a compulsory levy on all Names equivalent to 0.25 per cent of their premium income limit (the maximum amount of premiums a Name is allowed to accept under Lloyd's rules).

Names can bring their exposure below that limit by purchasing stop-loss reinsurance policies as at present.

Unlimited liability would remain, however, because a Name could face further losses in circumstances that "threatened the continued existence of the market."

If the fund could not meet

calls, liability would again fall on the Names.

The scheme is expected to come into effect at the beginning of 1993, but will not cover losses of Names incurred before 1992. That option was ruled out for practical and legal reasons.

The task force says the scheme will provide more certainty to existing Names and make the market more attractive for very rich individuals.

At present, a wealthy Name's upside is limited by the maximum premium limit allowed, but the downside is unlimited.

Richard Lapper

## Pooling proposals aim to spread risks and rewards

AMONG the least expected of the task force's recommendations is an setting-up of members' agents pooling arrangements, or Mapas, to allow agents to pool all the syndicate participations of the Names whose affairs they handle, to spread risks and rewards more evenly.

The agent would pool all portfolio and allocate units in the pool to Names, constructing a kind of unit trust, as distinct from a separate portfolio of participations on separate syndicates for each Name. The idea was mooted in the summer of 1980, but after extensive discussion in the market, the Lloyd's Council took the decision at the beginning of last

year not to introduce it. The task force says that such a "unanimous decision" and that given the market's troubles, "there would now be much more interest in this scheme". In particular, it says, a large slice of the market's losses in 1988 were heavily concentrated among a minority of Names. The extreme losses of a few Names bring not only a great hardship to those Names, but also considerable damage to the reputation of the Society as a whole.

The introduction during the past year of new techniques to streamline managing agent accounting - known as managing agent unitised accounting (Manuac) - would make

the introduction of Mapas easier and simpler. Such techniques eliminate "the need for managing agents to prepare syndicate accounts for each Name." Under Manuac, the managing agent will declare an overall result for the syndicate and distribute a payment to each member's agent pro rata. The task force suggests that savings, perhaps up to £12m a year, can be realised by the introduction of Mapas. It says less well-off Names are best placed to benefit and suggests that Names who commit about £500,000 should eventually only be allowed to participate in the market via Mapas.

Richard Lapper

## Change proposed on open years

THE TASK force offers no immediate respite for the thousands of Names who are members of syndicates with "open years". Those refer to accounts that cannot be closed because of uncertainty about the scale of future claims arising from US asbestos-related diseases and environmental pollution.

Rejecting mutualisation - in which all Names would pool resources to pay for the losses of those worst affected - the task force suggests that Lloyd's agents seek to trade out of its difficulties.

That strategy "implies maintaining a steady pattern of profitable growth, enabling existing Names to pay their losses from future profits while attracting new capital to the market to participate in new business". In addition, it sug-

gests that CentreWrite, the reinsurance company created by Lloyd's in July last year, should shift its focus away from reinsuring syndicates with open years to reinsuring individual Names.

Accordingly, Lloyd's will need to develop technical mechanisms releasing individual Names from syndicates.

The task force suggests a reversal of policy on syndicates to allow Names to close years. Instead of pressing syndicate managers to close years, as Lloyd's does at present, it should accept that leaving a syndicate open provides "the most pragmatic response to grave uncertainties such as major latent liability exposures".

Richard Lapper

## Market operators urge one-year accounting system

MORE THAN two thirds of submissions to the task force from operators in the market favoured a change from the three-year accounting system to one-year accounting.

Change had been expected, but the task force recommends that three-year accounting be retained. The task force maintains that a one-year basis would lead to inaccuracy and would be inconsistent with the need to preserve equity between Names on successive years of account.

It says also that many companies in the specialised insurance sectors - such as marine, aviation, transport and treaty reinsurance - use a two-year or three-year accounting system. The three-year system reinforces the view of Lloyd's as a long-term commitment.

The task force says more information is needed about the development of an account. It recommends publication of a global profit forecast after 24

months of the account, and publication of a syndicate's solvency position in the annual accounts.

One Lloyd's handicap in the past has been its inability to respond rapidly to rises in insurance rates. The report suggests that Names should be allowed to increase the amount of insurance they underwrite in mid year.

The report says premiums for quota share reinsurance with insurance companies - in which a reinsurer accepts a proportion of business in return for a proportion of the original premium - should be deductible from a syndicate's premium income limit, up to 25 per cent of a syndicate's normal premium limits.

Lloyd's syndicates make extensive use of reinsurance. In 1988, they ceded 37 per cent of gross premiums to reinsurers. Under the present system, premium limits, though, a Name's underwriting limits are based on gross premiums (not taking into account reinsurance ceded).

The proposal would in effect allow syndicates to co-operate with outside reinsurers to do more business without increasing their capital base. The report adds that consortium arrangements - where Lloyd's syndicates and companies co-insure certain risks - should be encouraged.

Other recommendations:

● Improved accessibility of Names' capital.

● Close monitoring of market liquidity.

● Individuals to be allowed to apply to become Names at any time for a proportion of the year.

● Managing agents to be able to state in mid year that they do not foresee a syndicate utilising total capacity for that year and to reduce each Name's line pro rata.

● Encouraging consortium arrangements between syndicates and companies, with Names benefiting from any fees or commissions received from the consortium.

Global profit forecasts for the market as a whole should be published by the corporation

after 24 months of the account.

● The council, with professional advisers, to consider proposals to permit explicit discounting of old-year liabilities.

● More centralised management of old-year claims, and a working party to develop a detailed proposal for an old-year claims centre of excellence.

● Investigations by the council into any mergers that would result in a managing or member's agent controlling more than 25 per cent of capacity, with a view to preventing any merger not in the interests of Lloyd's.

● Endorsement of profit commission "clawback" in the event of prior-year deterioration.

● A working party to develop detailed "best practice" guidelines to establish tighter budgetary discipline, more openly negotiated fees and expenses, and greater disclosure.

● An independent chairman for the agent review body.

● Guidelines for competence in the agency system, similar

to those for new active underwriters, to be developed by the Lloyd's Underwriting Agencies Association and the corporation.

● Specific qualifications for managing and members' agents.

● Mandatory non-executive board members for all agents.

● A review process of involvement of non-executive directors in approving remuneration levels within the agency.

● The council to endorse target expense ratios and report progress towards reaching them.

● A project to evaluate options for minimising run-off costs.

● More information on cost trends within the market.

● A detailed annual market expense review to enable cost comparisons across agents and syndicates.

● Market associations and the Lloyd's Insurance Brokers' Committee to develop proposals to refine the broker remuneration structure to create a "clearer match" between broker

incentives and Names' interests.

● A joint initiative to assess profitability along the total underwriter-broker chain in selected areas of business.

● An investigation into the feasibility and cost of initiating a quality management programme across key processes within the market-services area.

● Greater liberalisation in procedures, especially production of documentation.

● The council should work towards a future in which market infrastructure is identical across the bureaux of the entire London market.

● Publication of the percentage of business placed by Lloyd's market.

● If a managing agent can accept the additional responsibility and can demonstrate adequate control systems, the agent should be able to deal directly with non-Lloyd's brokers in the UK without interposing a Lloyd's broker.

● Lloyd's syndicates with an overseas presence should be free to deal direct in the local market with broking groups of international standing, whether Lloyd's brokers or not.

● A concerted marketing drive to expand the community of Lloyd's brokers.

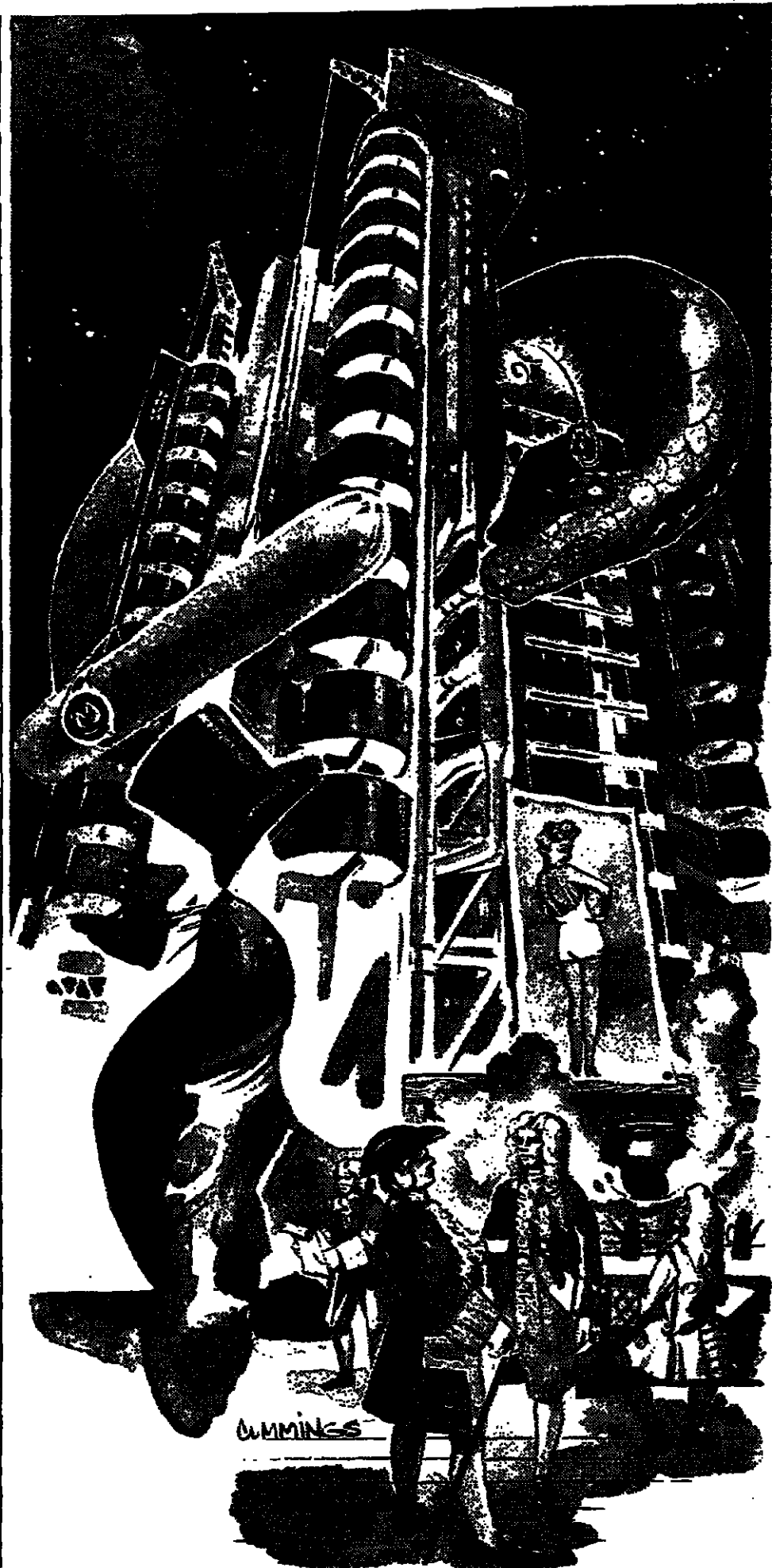
● Reversal of divestment provisions in the Lloyd's Act 1982.

● All business issues to be debated and decided at a new Lloyd's market board, which could act collectively on behalf of the market.

● Regulatory responsibility should be vested in the Regulatory Council, consisting of individuals drawn from the syndicates at present represented on the council as well as an appointed head of regulation. A transitional structure is a matter of urgency.

● The chief-executive post should be split into a chief executive for the Lloyd's market board and a head of regulation.

Richard Lapper



## Twenty points about Lloyd's

- 1 1688: First mention of Edward Lloyd's Tower Street coffee house. It moved to Lombard Street in 1691.
- 2 Lloyd's became a gambling den in 1700s. Sample types and survival chances of those on death row, or famous people on sickbeds.
- 3 1708: Scandal and corruption led some underwriters to persuade writer Thomas Fielding to set up a new office in the nearby Broad Street. The new one survived.
- 4 There are now 22,500 Names - 225 per cent are women, 22 per cent foreign and one is a statistician.
- 5 Most important document in Lloyd's history was signed in 1771. It set up ruling committees, which survive to this day, albeit with increased powers and duties.
- 6 Lloyd's first constitution, The Trust Deed, was written in 1811, after secretary John Cromer failed to pass on information that would have allowed underwriters to avoid losses during Napoleon's Baltic blockade.
- 7 Lloyd's home The Royal Exchange burned down in 1838. Chairman, George Richard Robinson, moved business to Jerusalem coffee house and trading carried on next morning.
- 8 In 1874 Henry Hozier set up signal stations that gave Lloyd's a virtual monopoly on shipping information. Hozier later resigned over extravagant expenses, spending more than £25,000 on luxurious trips around the world.
- 9 Lloyd's Act was passed in 1907, when underwriter A.B. Foreword visited in 1904 by underwriter that a ship, the Venturian, was only slightly, not badly, damaged. Act gave sanctions under criminal law against crooked members.
- 10 Asked to pay any kind of cover, Cuthbert Eden Heath, father of the modern Lloyd's, commonly replied: "Why not?"
- 11 Not liable for all damage in the war. Frenchman who shot down a ship, the Venturian, was only slightly, not badly, damaged. Act gave sanctions under criminal law against crooked members.
- 12 Many Names stood to be ruined in 1954 by underwriter Alce Wilcox who had been falsely accounting for years. The committee bailed them out, establishing an important precedent that qualified unlimited liability.
- 13 Film stars covered by Lloyd's included Betty Grable and her "million-dollar legs".
- 14 Cromer committee of 1969-70 recommended that Lloyd's allow women, foreigners and the less well off to become Names.
- 15 In 1973 Sylvia Horey became first woman underwriter.
- 16 A body blow to the Lloyd's reputation for paying without quibbling came in 1975 when business done by underwriter Tim Sasse left Names liable for \$40m - \$8 released to pay and bond.
- 17 Loch Ness monster insurance was written for a film company that wanted cover against a real monster appearing during production.
- 18 Gannal, section star of the BBC's Animal Magic, visited the market in 1982 and was filmed at the bureau where her cover was underwritten.
- 19 The world's largest cigar, 12' 2" long and retailing at £17,333.33, was insured for a premium of 50p. To finish the cigar and requires 330 days and nights of uninterrupted smoking.
- 20 About 100 of the 350 underwriters earn more than £250,000.



## THE LLOYD'S REPORT — NEWS AND REACTION

# Call for costs to be cut 'dramatically'

By Tim Dickinson

RESEARCH by the task force shows that Lloyd's lost its traditional cost competitiveness in the 1980s and that firm action will be needed if attractive returns are again to be delivered.

Mr David Rowland, the insurance broker who chaired the task force, wrote to Mr David Coleridge, the Lloyd's chairman, ahead of its recommendations. "At almost every level, the Lloyd's system of raising and servicing capital and transacting business has become too costly. Expenses have to be reduced dramatically."

Some factors driving costs up were admittedly out of the market's control — and a turn in the insurance cycle would obviously improve ratios — but the message conveyed by the report is straightforward.

Lloyd's expenses are about 30 per cent too high, even allowing for a strong return in markets.

The real difficulty is not so much brokerage costs which, inter-syndicate, reinsurance costs have not grown relative to gross premiums written.

The cause appears to be the \$700m of costs in 1990 covering the corporation, the syndicates, agency fees excluding profit commissions, and Names' contributions to the central fund.

Those represented 18 per cent of calendar-year premiums, compared with 7 per cent in 1982.

The growth rate of the market's costs over this period was 18 per cent a year in nominal terms, or 12 per cent after allowing for inflation. Direct syndicate costs — syndicate expenses, excluding charges from the corporation — grew by 18 per cent a year over the period.

The report points out that although corporation costs have risen, their absolute growth is relatively small.

The insurance cycle aside, three structural difficulties are identified.

One is the additional cost of regulation, which led syndi-

cates to install more detailed record-keeping and risk-control systems in the 1980s.

The task force believes the cost of regulation will become less burdensome now that those are in place.

The second is that there has been a sustained decline in productivity. The threefold increase in the Lloyd's head count since the mid 1980s compares with a 45 per cent rise in real premiums.

The long-term decline became most marked in the late 1980s, when cost growth continued at a high rate and real premiums fell.

The company sector, by comparison, appears to have improved productivity, holding expense growth below premium growth in the 1980s.

The final issue facing the market has been lack of tight cost discipline. That can be blamed partly on the bull market in mid decade. The absence of keen competition between agents over fee levels and poor information were also responsible.

The task force sets a 30 per cent overall cost reduction target. That is consistent with a pre-tax return to Names of about 5 per cent of premium income limits. It assumes that underwriting results and investment income in future are in line with the 10-year average between 1979 and 1988.

dark-suited brokers patiently lining up at underwriters' "boxes". Even on the day of the market's greatest single disaster — the destruction of the Piper Alpha oil rig in the North Sea — unfavourable brokers went about business in the usual fashion.

Yesterday, as one of the biggest reform packages ever proposed was announced, business proceeded as usual. Early in the day, syndicate heads and senior officials were called to a briefing, leaving underlings to rely on the rumour mill for information.

"We're waiting to read it in the papers tomorrow," said a clerk at one underwriting syndicate.

Seated or kneeling, brokers daily bargain with underwriters, hoping to persuade them to accept a portion of risk in return for the smallest possible fee.

Oil rigs, satellites, ships and international trade transactions are all assets that can be destroyed at any time, causing devastating losses for owners. Underwriters bear those losses if they occur and charge a fee for their risk.

Recent losses have been so great that 20 per cent of Names are pulling out of the market, so underwriters and brokers yesterday hoped the proposed reforms would reverse the loss

of capital. But long-time members remain cynical.

"Do you know the best way to stop the haemorrhage of Names? Make a profit for them," said one underwriter, whose view was echoed around the market. "Nobody was screaming for reform when everyone was making a profit."

Overall, there was relief at the proposed cap to be placed on the personal liability of Names, who now may risk all their personal wealth. "For unlimited liability, they should be getting a 25 per cent return on their money every year," said one underwriter.

"They've only been getting 10 per cent



David Rowland, task force chairman: believes Lloyd's expenses are 30 per cent too high

## Parties divide over proposals

By Ralph Atkins

LABOUR was dismissive yesterday of the task force report, but among Tory MPs, many of whom are underwriting members, there was a cautious welcome.

Ms Marjorie Mowlam, Labour's voice on the City, said Lloyd's had had the opportunity to take a "decisive first step" in rehabilitating its reputation. "That opportunity has been missed," she said.

Labour wants Lloyd's controlled under a regime similar

to that applying to other parts of the City under the 1986 Financial Services Act, including its provisions for compensating investors.

Ministers are privately concerned about Lloyd's future, particularly in competing with other European financial centres, but believe its management is an internal affair. Officially, the Department of Trade and Industry would yesterday only welcome the extent of the task force's work.

Legislation needed to implement the report's proposals would probably be undertaken under the private-bill procedure rather than as government-sponsored business.

Tory MPs will watch the reform proposals carefully. In spite of widespread concern at the extent of recent losses, including some incurred by Tory MPs, most accepted that unlimited liability had to remain an integral part of Lloyd's.

## Scheme to help Names gains mixed response

By John Authers and Andrew Jack

PROFESSIONALS IN the Lloyd's insurance market generally reacted positively to the recommendations of the task force yesterday, but many doubted whether the recommendations would help Names already in financial difficulties.

The welcome was cautious, however, as brokers, underwriters, advisers and Names — the individuals whose wealth underpins the market — struggled to digest the 240-page report.

Mr Max Lehrman, managing director of Grimston Scott, a tax and financial adviser to Lloyd's Names, said late in the afternoon: "I have to admit I'm only on page 53 at the moment. But what is encouraging is to see the Council responding in a positive way."

Mr Chris Burton, joint managing director of A.J. Archer, a quoted underwriting group, said: "It's a very comprehensive document. My immediate reaction is, it's a breath of fresh air for the whole market."

He also welcomed the importance given to the Names and enhanced links to brokers, whom he called "the life blood of the market". He did not feel the new rights for Names would make managing agency business less attractive.

Mr Ken Carter, chief executive of insurance broker Lloyd Thompson, was particularly pleased with the reaffirmation of the partnership between brokers and underwriters.

He added: "The report is not very radical. It is what one would have expected. The original aim was to look at Lloyd's capital base. That has moved slightly into the background."

The proposal to allow Names to reinsure their "open years" with CentreWrite, in particular, had a lukewarm reception. Mr Mike Voller, Lloyd's specialist with the accountant BDO Binder Hamlyn, which advises about 1,000 Names

said: "If they can afford that, they can probably afford the losses."

He added: "I can't see an awful lot of people taking that out because of the level of premiums which is likely to be charged."

Mr Mark Farrer, chairman of the Association of Lloyd's Members, which represents 9,500 Names — 40 per cent of the total — was more positive about the proposal. "I think the proposals for CentreWrite are going to be extremely useful for Names, because nobody at present is really prepared to assess the individual risk. I don't doubt that what is proposed is an excellent idea."

"Proposals like this underline the importance of the providers of the market's capital and go a long way towards correcting an imbalance between Names and syndicate management." He recognised that Names suffering losses from the old years "will not find a panacea in the proposals".

Brokers were generally enthusiastic. Mr Alan Colls, chairman of the Lloyd's insurance brokers committee, and chairman of Nicholson Chamberlain & Colls, a Lloyd's brokerage, said: "The instantaneous applause that David Rowland received when he made his presentation said it all. I think the report has the balance about right. It has to be about the art of the possible. I am glad to see support for the broking community."

Mr Tom Benyon, chairman of the Association of Lloyd's Names, was positive, but added: "It's done nothing to help the injured Names, of which there are 6,000. Many of them are in great financial difficulties already, and it's going to get worse this year. Names who are suffering this year ain't seen nothing yet."

He welcomed the report's recommendations for the future. "It's a first-class, imaginative report, and I'm sure it will lead to a profitable future. For the first time in its 300-year history, it's putting the outsiders first, and not the insiders."

## Market stays calm as coffee-shop ethos put at risk

FOR all the high-tech 20th-century facade of the Lloyd's insurance market, the heart and soul of the business remains as it was 300 years ago — a bunch of guys meeting in a coffee shop.

The clubby ethos has remained impervious to the sweeping changes that have turned London's other financial exchanges upside down. "We're trying to catch up on 300 years of business," said Mr Reg Brown, underwriter at R.E. Brown syndicate.

"Up until now, Lloyd's syndicates haven't regarded themselves as businesses."

## Norma Cohen samples the atmosphere during a historic day

dark-suited brokers patiently lining up at underwriters' "boxes". Even on the day of the market's greatest single disaster — the destruction of the Piper Alpha oil rig in the North Sea — unfavourable brokers went about business in the usual fashion.

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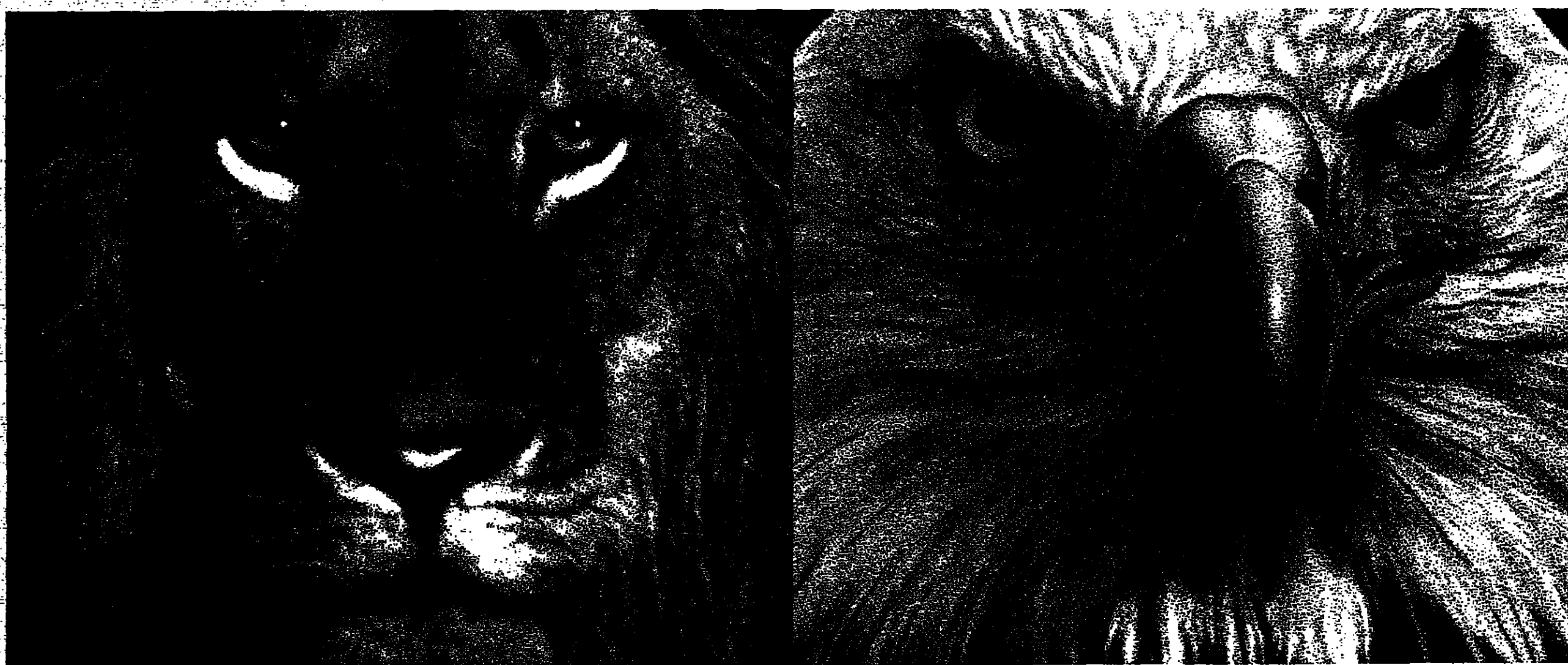
and you can get that out of the stock market."

People in the market used to think they were "bomb-proof", Mr Brown said, but the market was finally taking a more businesslike view of itself.

"I have always said to my lads: 'We're nothing more than a sweet shop. If we don't open up in the morning, we don't sell sweets. If we don't sell sweets, we don't make a profit.'"

And the "lads" at Lloyd's are getting the message.

For all its significance in the world's insurance business, however, the revolution of the 1980s appears to have touched Lloyd's little in many key ways. For example, the number of female underwriters can be counted on one hand.



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## MANAGEMENT: Marketing and Advertising

Somewhere in the outer reaches of the Himalayas, a small and specially-trained band of Nepalese sherpas has found a new vocation. Coca-Cola, the biggest soft drinks company in the world, has hired the sherpas to lug cases by backpack up to the lodges where mountain travellers rest.

Meanwhile in Moscow, Coca-Cola is today teaming up with Gavril Popov, the city's free market-oriented mayor, to announce the formation of what is claimed to be the first fully-private joint stock company in Russia since the formation of the Commonwealth of Independent States.

The Moscow venture, a privately-owned business that will manufacture and establish up to 2,000 retail outlets in the city, is part of Coke's assault on the eastern European market, a stronghold of arch-rival Pepsi-Cola.

In India, Coca-Cola is planning a joint venture that will bring it back to the populous sub-continent for the first time since it left in 1977, after a dispute with the government.

Each example demonstrates Coke's drive to strengthen its international sales volume. It recognises that distribution plays as great a part in a successful marketing strategy as the traditional concepts of advertising, promotion and other marketing techniques.

It is all part of a master plan described by Roberto Goizueta, Coca-Cola chairman, in Olympian terms: "By the year 2000, we will have Coca-Cola available within an arm's reach of desire of the 6bn people who will be housed on this planet."

Donald Keough, Coke's president, says the corporate goal is to double total non-US sales volume by the end of the 1990s, meaning the company will have to do better than keep pace with the market.

Surprisingly, Jesse Meyers, editor of *Beverage Digest*, the industry bible, thinks that "this is not a wild objective." At this point, I don't think even Coca-Cola knows how big it could become.

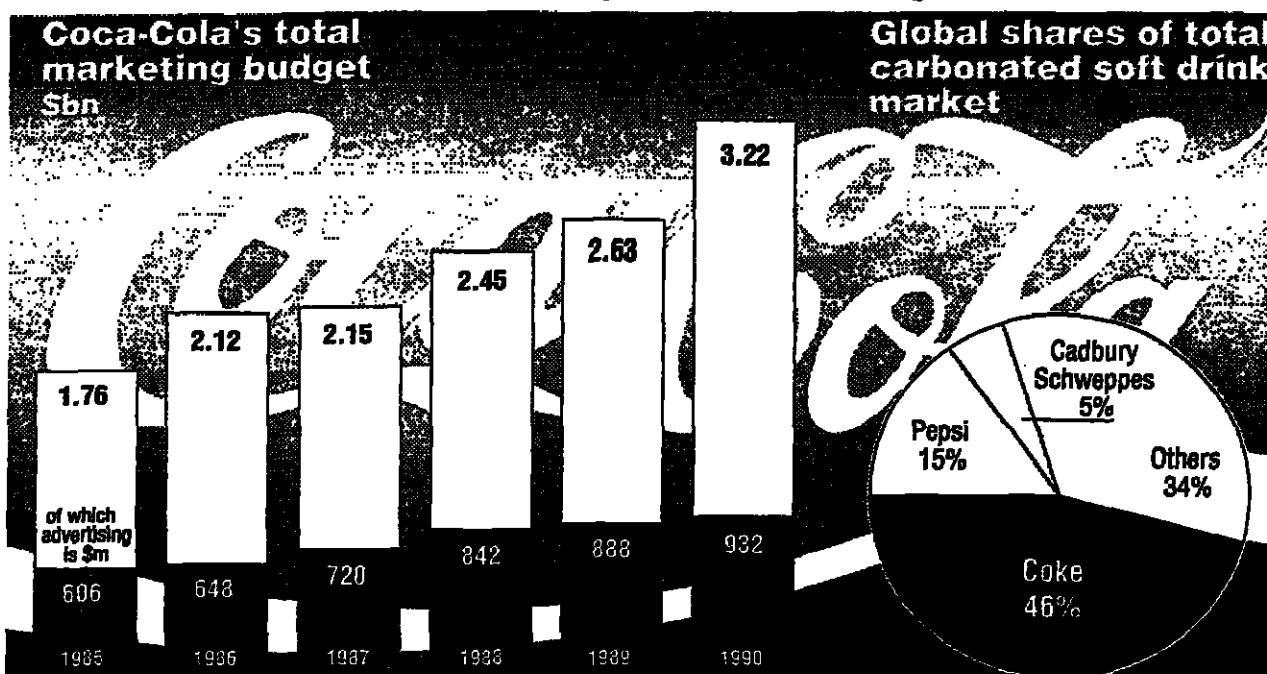
Coke is already the world market leader in soft drinks, with a commanding 46 per cent share that compares with Pepsi's 15 per cent in the competitive and more mature US market, Coke has 41 per cent, and Pepsi has 33 per cent. Outside the US, Coke claims it sells four times as many cases as Pepsi, while Pepsi insists the ratio is three-to-one.

For much of the 1980s, the marketing focus of Coke and Pepsi was on the famous cola wars, on Coke's rapidly

## Soft drinks

## The ascent of Everest

Alan Friedman on Coca-Cola's plans for a new global sales assault



Source: Coca-Cola

Source: Jesse Meyers' *Beverage Digest*

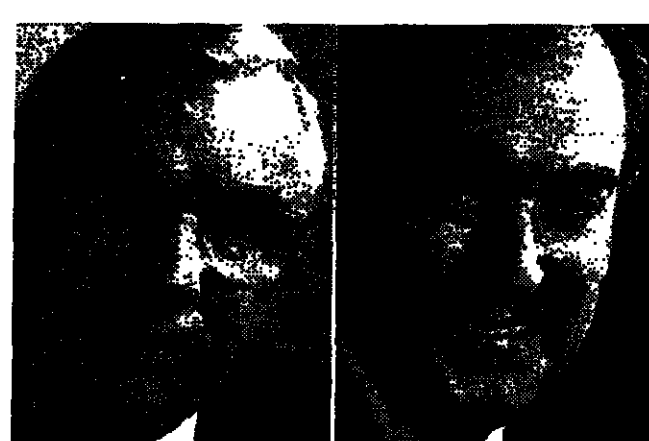
wars, on Coke's rapidly aborted change to its formula in 1985 and on the high growth US beverage market.

Coke was continue in the US, with Pepsi now aiming for the younger market segment, but profit margins are higher in the European Community and much of the Pacific. Alan Kaplan of Merrill Lynch says that non-US markets offer the best sales growth potential, which is not surprising since Coke's US volume grew by just 2-3 per cent last year.

In 1985, about half of Coke's operating profits came from outside the US. Last year, non-US soft drinks accounted for about 79 per cent of Coca-Cola's operating income and two thirds of volume.

Coke spent \$3.2bn (\$1.78bn) on selling and advertising expense worldwide in 1990. Of this total, only \$832m was spent on traditional advertising in the media.

Coca-Cola declines to break down its marketing expenditure outside the US; Pepsi spent \$600m last year outside the US. But all of Coke's top executives in Atlanta - each of them sipping incessantly



Donald Keough (left) and Roberto Goizueta: master plan

from ice-cold cans of their product - agree that while their brand name may be among the best known in the world, the real challenge is to create the bottling, manufacturing and distribution infrastructures in each market.

In 1992 Coke will boost capital spending by 30 per cent, to around \$1.3bn, much of which will pay for the development of bottling plants and other infrastructure.

"the three As", or availability, affordability and acceptability. The company's goal is to drive volume by selling concentrate or syrup to local bottlers, be they independent or joint venture partners. Local distribution deals are designed to make the product available. It is priced to make it affordable as a proportion of disposable income. Acceptability comes through sponsorships, political contacts, or other means, to infiltrate Coca-Cola into the local culture.

Depending on the country, Coca-Cola will approach marketing differently. In China, where Coke has 13 joint venture plants and is prepared to wait many years before it gets any money out, marketing means buying delivery trucks rather than spending on advertising.

In Japan, Coke last year spent \$500m on 130,000 vending machines, as half the drinks there are sold that way.

In much of Latin America, the key to marketing is for Coke to supply ice coolers for the rural markets. In the Dominican Republic and Haiti, Coke bought 10,000 push-carts

and trained local people to sell soft drinks in the street. In Brazil, the key was to make larger bottles in order to take advantage of that market's changing consumer habit.

The biggest marketing coup in eastern Europe has been in what used to be east Germany, where Coke was not available under the Communist regime. The day the Berlin Wall came down in November 1989, executives in Atlanta ordered Berlin employees to hand out free cans of Coke to east Germans as they walked into west Berlin.

By February 1990, without any distribution network in place, Coke began trucking cases into eastern Germany from its French bottling plant in Dusseldorf. During the year, some 21m cases were sold to wholesalers and retailers by an army of employees from the west.

At the end of 1990, Coke decided to spend \$450m on east Germany buying and refurbishing the land, buildings and equipment of state-owned bottling plants. The result is that in 1991, Coke says it sold 88m cases in the old east Germany and is aiming for sales of 132m cases in 1991.

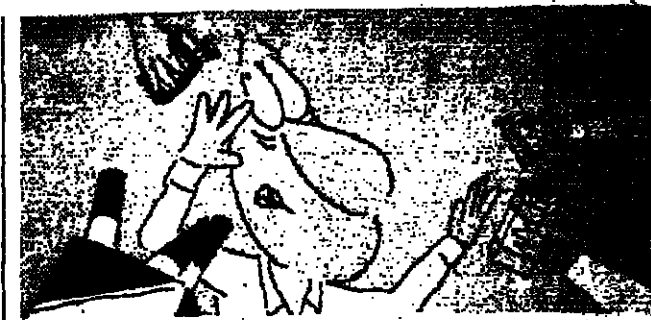
The market represented by the European Community is one of Coca-Cola's most profitable, accounting for around a third of Coke's non-US soft drinks operating income, estimated at \$2.1bn in 1991.

But in the EC markets have been easy. France, in particular, has thrown up problems, ranging from past difficulties with Coca-Cola's local bottler to a certain cultural resistance to the product.

This year Coke is undertaking a traditional marketing campaign that aims to reach some 42m consumers by a series of sponsorships, contests and other gimmicks tied to the winter Olympics in Albertville and summer games in Barcelona, the opening of Euro-Disney park near Paris, the Seville Expo, Wimbledon tennis, Tour de France and European Cup in Sweden.

Back in the US, one of Coke's most talked about marketing moves was the agreement last year to hire Michael Ovitz, the Hollywood power broker who chairs Creative Artists Agency, a consultant. The big idea is that Ovitz will forecast entertainment trends worldwide that will enable Coke to link its products to hits.

The Coke marketing strategy, therefore, is supposed to range from Hollywood to the Himalayas.



## Chewing over the cold turkey

In the 1970s, the Swedish navy set scientists at Lund University a difficult task: how to prevent loss of concentration and irritability among cigarette-addicted submariners who, in the course of duty, were banned from smoking.

Their response was to produce a different way to deliver the essential addictive ingredient of a cigarette - nicotine. Moral absolutists might argue that the delivery of nicotine by any means should be outlawed. A more practical solution is to switch nicotine consumption from a form recognised to be harmful - smoking - to another believed to be harmless.

Lund university scientists came up with a nicotine-impregnated chewing gum. Nicorette, as the product was christened, was launched in the UK in 1980 and sold under license by Lundbeck.

But in the UK, at least, Nicorette's distributors found themselves facing a severe marketing setback: the product could only be sold on prescription from a general practitioner.

Unlike conventional family doctor prescriptions, drugs, Nicorette did not carry the benefit of a lower, national health service charge.

Nicorette's aim is to bolster the will-power of the smoker who wishes to give up, but finds it difficult to do so 'cold turkey'.

Chewing the gum releases into the bloodstream small amounts of nicotine which satisfy the craving without being harmful.

So far no nasty side effects have been discovered.

Doctor Chris Steele, a GP who uses Nicorette as part of his anti-smoking clinic, says that in clinical trials around the world Nicorette has doubled the success rate of smokers who wish to give up the habit.

According to Jeff Strim of Lundbeck, "at any one time in the UK, 6 per cent of the 14m smokers are trying to give up the habit". And 75 per cent will have tried to stop smoking at one time or another.

The marketing headache was finally removed in May 1991, following two years of exhaustive investigation by the Department of Health and other official scientific bodies. Lundbeck succeeded in having Nicorette's status changed from a "prescription-only medicine (POM)" to a "pharmacy product", which could be sold freely by pharmacies.

Lundbeck and Kabi Pharmacia, soon to be responsible for UK marketing, have now initiated an advertising drive for Nicorette, capitalising on its new-found freedom. Kabi plans to spend £2m on UK advertising this year, according to David Hewitt, Kabi's senior product manager.

The first television commercial started running early in January. It takes a humorous look at the fears of would-be non-smokers, done by the cartoonist Gray Joffe, through the Windsor-based ad agency Mifflins. It will be promoting the gum heavily in the run-up to the UK's annual anti-smoking day in March.

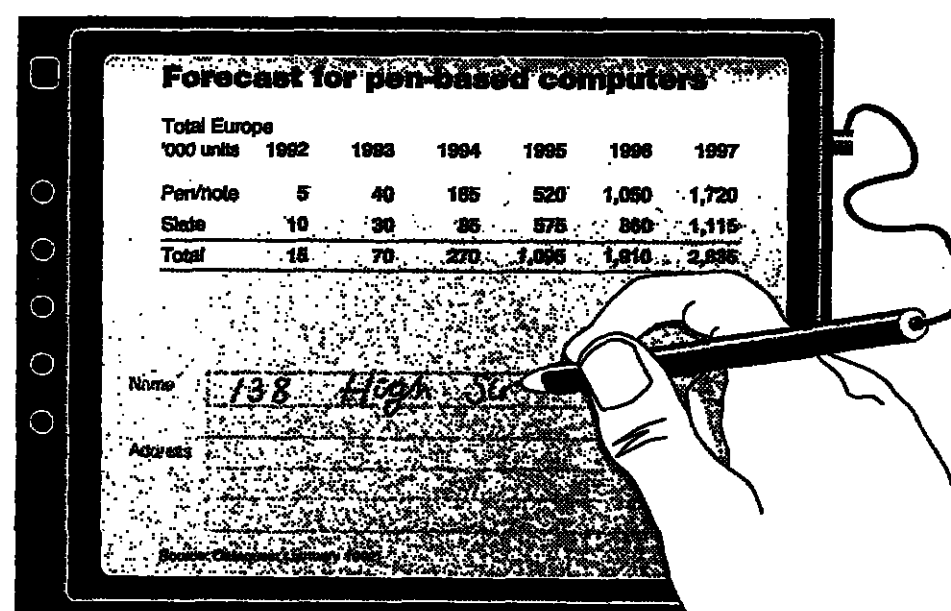
Nicorette's commanding lead in the stop-smoking product market is soon to be challenged by such devices as a nicotine-impregnated patch worn against the skin. The irony is that an addiction-propping gum should finally be getting the freedom to advertise heavily when the EC looks increasingly set to ban advertising of its biggest rival the cigarette.

Gary Mead

## TECHNOLOGY

Computers without keys are proving their worth in business and industry, writes Della Bradshaw

## Pen is mightier than the board



hardware - London & Edinburgh is looking at systems from both Grid and the US computer company NCR. In particular, it has proven impractical to put diagrammatic descriptions of every car on the market on to the Audatex software.

Each expanded diagram takes up about 700 kilobytes of memory, says Alex Leonard, managing director of Audatex. Audatex is now supporting 32 vehicle models on the Gridpad, which includes more than 1,100 derivatives and accounts for about two thirds of the cars travelling on UK streets.

But, says Leonard, repairs should choose about 15 of the cars that they repair most frequently and keep copies of the appropriate diagram on floppy discs. "For example, a Porsche dealer is unlikely to want to repair a Ford," he says.

Bill Clough, president of Microstate, the Montreal-based pen computer maker, believes that the only answer to memory limitation is to use CD-Roms (compact disc read only

memory). Then when an accident assessor visits, say, a Ford garage he or she could insert the Ford disc if visiting a Toyota repair centre.

In North America Microstate is targeting blue-collar workers with its pen computer - delivery men, warehouse overseers, or retail floor staff. "This is because in the US the white-collar market is 95 per cent saturated with computer technology," says Clough. "The blue-collar workforce is only 11 per cent saturated."

In Europe manufacturers take a different view, says Alexander Macgregor, UK marketing manager for workstation systems at NCR. "Initially we're aiming at the mobile white-collar worker. That is where most corporations can get the best return on their investment." Included on Macgregor's list of professions, which he describes as "very, very, very varied" are engineers, insurance personnel, doctors and even architects.

One software developer working with NCR to produce a package for architects and surveyors is SurvoSoft, of Weston-Super-Mare. The company expects to have a system on the market before the middle of this year to aid surveyors when they are called in to refurbish buildings.

The SurvoSoft software, now in the final testing stage, contains a visual collection of building components - walls, floors, ceilings, wiring and so on. By touching the appropriate component with the pen, the surveyor can put them together to give an accurate representation of the building in what Fitzma calls "two and a half D" - the height, length and depth are included but the diagram has no true perspective. The appropriate measurements are inserted by calling up a calculator pad on the screen and then indicating the appropriate figures.

Pitman points out that at £4,500 for the hardware and software combination the equipment costs about the same as doing a survey of a

high-street premise. "As it doubles the speed of the survey we believe it pays for itself after just two surveys," he says.

Such applications could speed the acceptance of pen-based systems, says Chris Fell, industry analyst at information technology research group Dataquest. "It's an applications driven market," says Fell.

"In the past company X has come out with a wonderful new box and people have bought it. That is no longer the case. Now people see they can get by with all the equipment they've got and that is one reason why we have seen a fall in the personal computer market," he adds.

The software developed by SurvoSoft relies on the surveyor only to use the pen to highlight pictures and figures - no keyboard is needed, nor does the surveyor have to write information on the pad. Fell refers to this category of machines as pen and notebooks, and believes this will be the first stage in the development of the technology.

The second stage will be true "slates" on to which the user can scribble words which the system will be able to recognise. Fell predicts it will be 1994 before such systems become reliable enough to find widespread acceptance. However some small handwriting recognition elements are already proving useful.

A further factor which could inhibit the growth of the market is the choice of operating system for the pen systems. SurvoSoft, for example, uses "windows" software, enabling the software developer to put pictures or "icons" on the screen. This approach is being pushed by Microsoft with its Pen Windows adaptation of the popular Windows software environment.

Although this will enable users to adapt Windows applications for use on pen-based systems, many believe its lifespan will be limited because it is merely the adaptation of a desktop operating system for use with a hand-held machine.

Of more longer-term promise, believes Fell, is the Pen-point operating system developed by Go, the California startup company, specifically for pen-based portables.

Whatever the outcome, many believe that the emerging pen technology could be the next revolution in computing. "I think this is a piece of technology which is really here to stay," says London & Edinburgh's Fletcher. "Not just in our industry but in many others as well."

## Barnacles forced to jump ship

By Tim Burt

On a summer's night in 1988 a fireball engulfed one of the largest oil platforms in the North Sea, the Piper Alpha, killing 167 workers and throwing burning metal and spouts of fire and smoke into the sky.

The heat from the blaze was so intense that the MSV Tharos, the firefighting vessel assigned to the rig, was forced out of the area.

Survivors of the disaster condemned the reaction of the Tharos, a ship built on the advice of Red Adair, for failing to turn its high-powered hoses on the rig.

Research scientists now claim Tharos was ineffective on the disaster night because its cooling systems were so clogged with marine organisms that it could not develop full power in its engines and firefighting equipment.

The organisms - ranging from barnacles and mussels to microscopic bacteria - flourish in the seawater taken on-board ships through cooling pipes below the waterline.

On the Tharos and other vessels "fouling" by such organisms has been blamed for blocking pipes and jamming valves, causing serious corrosion and leading to a loss of power.

Concerned at criticism of the Tharos, the owners Occidental turned to scientists at the University of Sheffield who have pioneered new technology aimed at preventing the build-up of marine organisms on ocean-going vessels.

Occidental, whose North Sea assets have since been sold to the Anglo-French joint venture Elf Enterprise, abandoned the old anti-fouling system on its firefighting ship and installed equipment developed by Bio-fouling and Corrosion Control (BFCC), a company which was set up by academics in Sheffield under a technology transfer scheme.

Led by Brent Knox-Holmes, the BFCC team discovered that they could nearly eliminate fouling in pipes by creating an electrolysis in the sea water using a metal oxide electrode producing chlorine and a copper electrode producing copper ions.

The current from the metal oxide electrode converts the

sodium chloride - or salt - in seawater into chlorine, which deters marine organisms.

The scientists found the chlorine acted in synergy with copper ions from the other electrode to disrupt any further settlement of algae or molluscs.

In the past, fouling was controlled by either dosing pipes with large amounts of sodium hypochlorite - a hazardous chemical not easily stored at sea - or dissolving copper directly into the water, an expensive and environmentally damaging solution.

Following commercial tests at laboratories in the UK and US, the BFCC system has been adopted by AP Moller, the Danish shipping line, which has fitted 21 vessels with the new copper-chlorine treatment. According to Knox-Holmes, the Danes were attracted by the low environmental impact and reduced maintenance costs of BFCC.

He claims the BFCC system is 90 per cent more efficient than dosing with sodium hypochlorite and 80 per cent better than using copper on its own.

His arguments have convinced not only the environmentally-aware Scandinavians (Fred Olsen Line and J Lauritzen Shipping are using BFCC too) but also industrial concerns such as Amoco and Conoco.

Orders from the two oil exploration companies have marked the successful divergence from anti-fouling on ships to other applications. Amoco has fitted BFCC equipment on four gas platforms, while Conoco uses the system on three oil rigs.

With patents awarded in Britain and the US, and others pending in the Far East, the academics at BFCC are now looking at ways of adapting their system for power stations, desalination plants and fresh water use.

"We are setting new standards for biofouling control," says Knox-Holmes. "Had the MSV Tharos had our system installed at the time of Piper Alpha, it might have developed full power to hose down the rig," he adds. "Our system is not just cleaner but safer."

When London & Edinburgh Insurance's engineers visit garages to assess crash damage, they send the information back to the computer centre so the repair costs can be calculated. At the moment they use either a phone line, with a modem, or the Cellnet cellular radio network.

Soon they could have several other options. Audatex, the vehicle damage assessment company, is already talking to Hutchison Mobile Data, of Hertford, about using its data network for transmitting the information. Hutchison, which is planning to offer commercial services to urban areas and motorways before the middle of the year, is one of several companies to have developed such services.

Others include Cognito, which has developed a two-way paging service, and Nam Mobile Data, Folkestone, owned by the Vodafone Group and Cable & Wireless, is also planning to enter the market - it already has a service for sending radio data from fixed terminals, such as credit card verification units.

Such services will prove less expensive than the cellular radio networks because they are designed specifically for data traffic which takes up less radio spectrum than voice calls.

Data companies envisage the service engineer as a prime target for their services. Other forms include sales and distribution, as well as financial services for sending information on share price movements.

To use the network a separate modem can be attached to the laptop, pen computer or electronic diary, although eventually the modems will be built into the machines. For Palmtek, which launched its service in 1990, products with built-in modems are available.

The biggest customers have proven to be burglar alarm manufacturers. "When burglars come they cut the phone wires," points out John Smith, Palmtek's commercial director. "We've had quite a few cases where the burglar cut the wires and the police have come along and caught them."





## PANASONIC'S PROMISE PROVED IN PRACTICE

*Broadcasters had been looking forward to the benefits of digital VTRs for years. But when would it become reality? And could it really happen in a compact format using 1/2" tape?*

*The last two years tell their own story. January 1990: BBC Television goes to Japan and see for themselves the very latest developments in Digital Broadcast Technology.*

*April 1990: A special Project Team is briefed to evaluate every aspect of Panasonic's new D-3 1/2" Digital Broadcast video format.*

*August 1990: All tests completed satisfactorily, the Project Team recommends the adoption of the Panasonic format for BBC Television.*

*September 1990: The decision is ratified and announced at the IBC Exhibition in Brighton.*

*December 1990: BBC Television place their first order with Panasonic.*

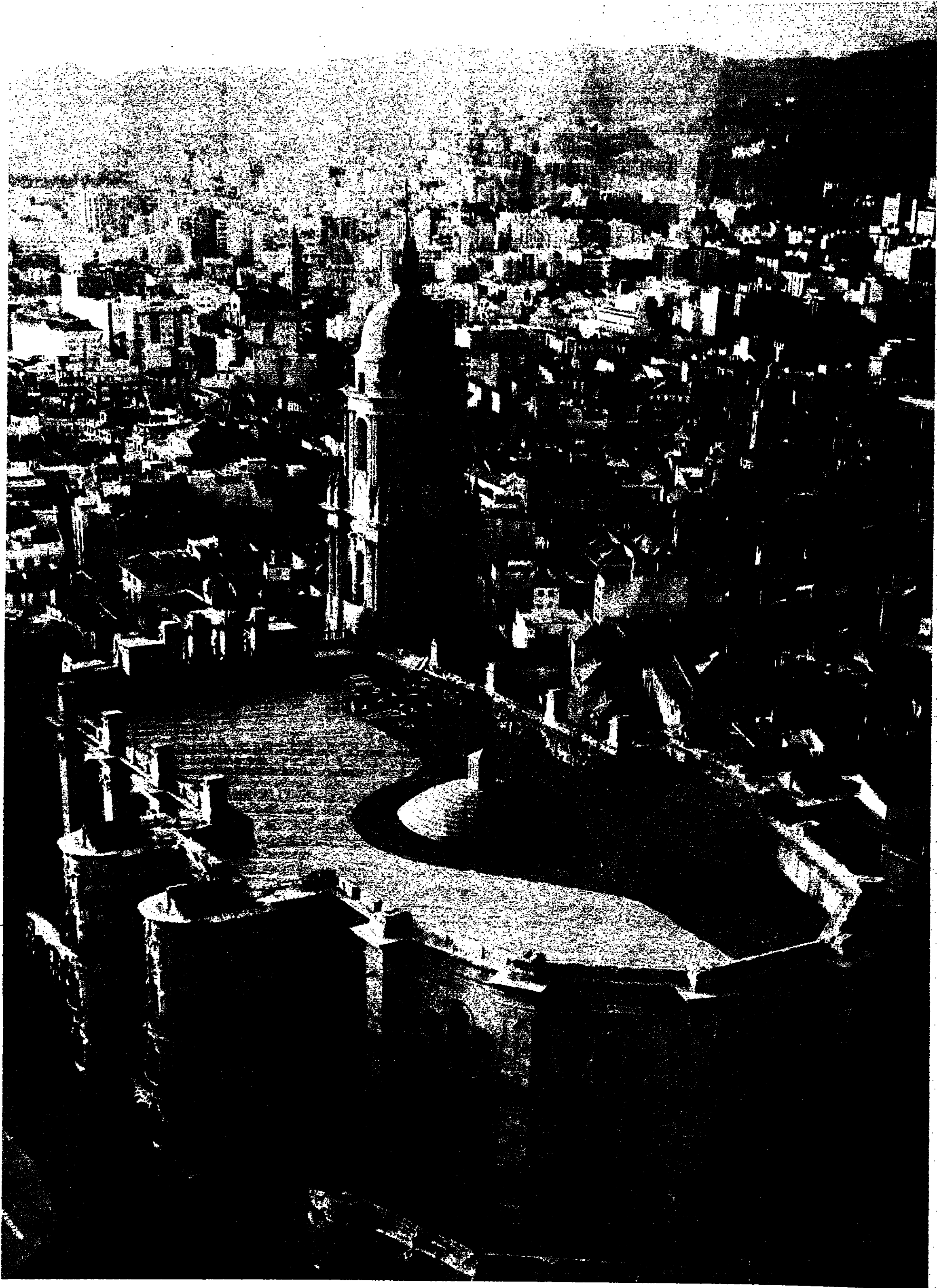
*November 1991: After 6 months of using the new D-3 1/2" Digital VTRs, with progressive integration and commitment, Panasonic's promise is proved in practice. In fact Peter Marshall, Chief Engineer BBC Television, is able to go on record with this comment:*

*"The format is already in daily service and fully meets our requirements."*

**D-3**

Panasonic Broadcast Europe





*Where will you find one church for every 237 farmers?*

Europe. Nowhere else on earth presents such a challenging mix of traditions and cultures.

And to meet this challenge, Shell looks, above all, for local solutions. For example, to repair the fragile

16th century structure of Malaga cathedral, a special blend of Shell 'Epikote' epoxy resin was developed.

Meanwhile, in Italy, farmers find their tractors easier to maintain, thanks to Shell 'Harvella', a multi-

purpose tractor oil, which is a brake, gearbox and engine lubricant in one.

Small things, perhaps, to a big corporation. But not to a local company. A company like Shell.



ART'S  
GUIDE



## ARTS

La Fille  
mal-gardée

COVENT GARDEN

Ballets change. No matter what was a company must to preserve its choreographic patrimony - the erosions brought about by the transmission of steps from one dancer to another, from one generation to another, bring mutations in text and style. Technique changes, bodies change, and worst of all, those nuances of feeling, which lie in the spirit of the choreography, are lost or distorted. Frederick Ashton was really only interested in first casts. What happened to his ballets after they were an inevitable process which subtly altered, and perhaps diminished, his creation. Yet managerial good sense has dictated that his ballets must be seen on fresh bodies every year. The task for the new casts is not only to preserve the letter of the text (which, by itself, is little) but to honour the work's spirit (which gives it life).

*La Fille mal-gardée* is more than any other Ashton creation, is plainly a cast-iron, change-of-proof, run-proof work of genius. Its structure is a marvel of integration between ensemble and solos. Its narrative is a comedy, grounded in good sense as a Melrose comedy, and as rich in human feeling. Its dances seem an effortless outpouring of pastoral delight - and the testimony of members of its first cast suggests that its creation was the happy result of a collaboration in which the virtues of the ensemble and the soloist are superabundant, and unfaded: there is not a dull or unnecessary step in it, nor a moment when the attention is sated by dance or drama.

Happy, then, the young dancers of the Royal Ballet, as we saw on Monday night when Fiona Brockway and Tetsumi Kumakawa took the stage for the first time as Lise and Colas. Both are bright, gifted artists who find much to engage their talents in *La Fille*, and much to delight us. They both play for quick, vivid, playful effects. Understandably, they see their debuts in terms of physical hurdles to be sunnily overcome, and there were many rewards in Miss Brockway's buoyant, sparklingly accented point-work - like the easiest coloratura - and in Mr Kumakawa's bonhomie virtuosity and, in his multifarious prouettes (I fancied that he turned nine in the last act coda). Dramatically these performances were lively. Miss Brockway is Widow Simone writ young, with temperance and to spare, there is no doubt about the ardour that Kumakawa's Colas feels for Lise.

Yet I was most touched by both performers in the very closing scene of the ballet, when Miss Brockway became gently adoring in Colas's arms, then moved with a lovely spaciousness through her final solo and, when Kumakawa suggested the intense happiness that Colas knows now that Lise is his. Such joint sincerity and sweetness of feeling was the quality that marked these characters in their creation by Nureyev and David Blair, and it is the life-giving spirit of the ballet.

From Iain Webb an Opera House debut as Alain marked by real depths of emotion. He gives the simpleton a puppyish eagerness and incomprehension of worldly ways which sometimes true in the moment when he discovers Lise and Colas in each other's arms. From David Bintley and David Drew their customary fine readings of Simone and Thomas. From the company, splendid dancing.

Clement Crisp

## CINEMA

## Interlocking hearts face difficulties

FRANKIE AND JOHNNY  
Garry MarshallMISSISSIPPI MASALA  
Mira NairLITTLE MAN TATE  
Jodie FosterFREDDY'S DEAD: THE  
FINAL NIGHTMARE  
Richard TalalayDERSU UZALA  
AKIRA KUROSAWA

"Frankie and Johnny were lovers, Frankie and Johnny" and "memory fails me. What else were Frankie and Johnny? What else did they do in their short but chart-topping lives?"

According to *Frankie and Johnny* the film, their pop song fame created the *coup de foudre* conditions whereby Al Pacino as a short-order cook called Johnny met and fell in love with Michelle Pfeiffer as a plain (sic) waitress called Frankie. The scene is a Brooklyn greasy spoon called the Apollo Cafe. Here hamburgers and eggs-n-fries and patty melts keep whizzing past director Garry Marshall's camera as if to show that two hearts in love had better get a move on if their arteries are not to clog up first with saturated fats.

Meanwhile down in the Deep South in *Mississippi Masala*, directed by Mira Nair of *Salaam Bombay*, two more hearts try to interlock in the face of difficulties. Mira (Sasha Choudhury), an Indian girl from Uganda, loves Demetrius (Denzel Washington), a black carpet cleaner from Greenwood, Mississippi. But tribal factionalism is rife in the South, even among immigrant brethren. So a one-night passion in a motel brings the young couple's dynastic worlds crashing around them. Amis and uncles throw fists and brothers and cousins throw fists.

Each of these love stories sets its alarm clock by the "two hours" traffic (give or take five minutes) of Shakespeare's *Romeo and Juliet*. But while this is a short time in which to watch passions flare and clans clash in old Verona, it seems like forever when watching trumped-up screen romances where Love's Tragic Obstacle, hereinafter referred to as LTO, seems either non-existent (*Frankie and Johnny*) or politically contrived (*Mississippi Masala*).

Hollywood - meaning *Frankie and Johnny* - specialises in invisible LTOs. As a critic you have to hit

yourself over the head with your press handout to remind yourself that Michelle Pfeiffer is meant to be unattractive; hence the hesitancy and "last chance" element in her romance with Mr Pacino. For the poor girl, we are told, has not a serious date in three years. (In *Terrace House* McNally's original stage play Frankie was played more plausibly by pudgy Kathy Bates of *Misery*.) So please ignore Pfeiffer's Gene Tierney bone structure and perfect lips and concentrate on her hair. This has been made telegraphically dowdy. Except when she curls it for a mid-movie night out and looks fit to slay *Le Tour de France*. For this occasion her gay flatmate also picks out for her the One Wearable Frock in her wardrobe, another slayer of course, hereinafter referred to as the OWF. But love is blind. Peering through the New York night or through the Apollo Cafe steam as he swings his big cucumber chopper, Mr Pacino, acting with a charm far beyond the call of duty, sees only an ugly duckling awaiting his transformative kiss.

Of course the OWF helps to overcome the LTO - except that we keep forgetting what the LTO is, having been socked between the eyes by the form-fitting OWF - and Frankie and Johnny end up effecting the destined emotional merger.

The film, I may have indicated by now, is almost completely dotty. When not focusing on Mr P and Miss W, director Marshall (late of *Pretty Woman*) whisks around the café taking in such only-in-a-movie lovelies as owner Hector "I bring you all the way from Greece" Elzondo and his wife, easy-jay waitress Kate Nelligan, plus heart of gold; and assorted wacky customers. And just when you think sentimental folly can go no further, we have Mr Marshall's one bid for stylistic virtuosity. This is a tender-talking street scene between Pacino and Pfeiffer in which the couple's words sonically dissolve into music while a florist's lorry behind them opens up to reveal a million flowers. Oohh. Aahhh.

*Mississippi Masala* is, as one would expect from the British-produced film in the week's romantic twin-pack, at once more serious and less fun. No Hollywood schmaltz, no peak-condition screen goddesses playing plain Jane. The LTO is racial bigotry and OWF stands not for One Wearable Frock but for Only Way Forward. The OWF in the movie today, as Sir Richard Attenborough has so often told us, is for creeds and colours to unite. And here is Sir R's very own *Cry Freedom* star Denzel Washington playing the nice black boy who will rescue our Ugandan-Indian heroine from the colour-verse-coloureds prejudice of his and her families.

A running joke is provided for American audiences, who need of course to be told what an Indian is. So people keep saying "Send them back to the reservations" and Mr Washington keeps saying "How many times I got to tell you, they're not that sort of Indians." And so the long day wears on. Unlike *Salaam Bombay*, Mira Nair's new film is painfully alphabetical in its guide to modern-day race attitudes and pain-fully contrived in the way it routes its central romance through the appropriate stations of bigotry. In *Sooni Taraporewala*'s screenplay the message clearly took shape first, the

plot and the people second: always an error in priorities.

The week gets worse, I fear. *Little Man Tate* is the directing debut of actress Jodie Foster. She also stars as the mother of an infant prodigy (Adam Hann-Byrd) who could read at one, write poetry at four and play the piano at competition level at six. We meet him at seven, which should be about drinks time in a life as hard-working as this. But despite Miss F's profession as a cocktail waitress - somewhere in Chinatown to judge by the Shanghai Lili dress she wears to and from work - the boy is a goody two-shoes and so, alas, is the film. Like a television problem-of-the-week movie, it slaloms between triumph and tragedy, plinked out with piano music and with lines like "Oh, what have I done?"

This last is uttered by Dianne Wiest as the boy's unthinkingly cerebral teacher-guardian. An ex-prodigy herself, she is America's answer to a Hampstead intellectual. She feeds Fred macabre drinks (he throws up), pushes him into university ten years before his time (he is miserable) and is then surprised that she has a crisis on her hands.

Happily - for Fred, that is, we the audience being too numb to care - Miss Foster rushes into the waiting emotional vacuum in the last scene and clasps the boy to her bosom. The boy, still the only sensible presence in the film, looks as intelligently frightened as he has throughout. Like us he seems to be thinking: Why are you, Oscar-winning actress, running around inside this stalled vehicle trying to make it move by footwork alone? Scott Frank of *Dead Again* wrote the script; the video is due out later this year, you may wait.

*Freddy's Dead: The Final Nightmare* is the latest and we are assured the last visit from Old Pizza Face. I have a dreadful feeling that I enjoyed this film. For 90 minutes I was in the presence of a ghouliah



Michelle Pfeiffer and Al Pacino in 'Frankie and Johnny'

janitor who, if he ever met an infant prodigy, would know what to do with him.

His adventures climax with a 3D sequence in which various creatures come out from the screen and dip their toes in your 7-Ups. You need to don the cardboard glasses, which I perched precariously on my spectacles, but it is only for ten minutes. Prior to this is a *voluptuous* night for special effects and the plot bravely tries to keep up. I shall miss Freddy Krueger, played here with even more relish than usual, not to mention more pizza toppings, by Robert Englund.

Finally, one from the arthouse. Kurosawa's 17-year-old *Dersu Uza*, sombre and resplendent, unfolds at the ICA. Made in Siberia, this tale of snowbound friendship between a Russian explorer and a peasant has a rough majesty that keeps out sentimentality and an epic humanism that never keeps out humour. Do not wait for the video.

Nigel Andrews

## The Distant Sound

GRAND THEATRE, LEEDS

Franz Schreker's *Der ferne Klang*, titled *The Distant Sound* in a new translation by the conductor Paul Daniel, receives its first British production from that holdout of British companies, Opera House. This is an event of some importance, for the work itself is a milestone of German opera during the first decades of the century.

A first opera (Frankfurt, 1912) by a previously little-known 94-year Viennese Jew who was also his own librettist, it had a smash-hit success, which Schreker then capped with those of *Die Gezeichneten* (1918) and *Der Schatzgräber* (1920). Thereafter the tide of fashion changed, and the advent of the Nazis completed the ruin of Schreker's reputation with final finality: in the early 1930s he was deprived of his high-profile Berlin teaching post, and died of a stroke.

In recent years the re-examination of his music has proceeded apace. *Der ferne Klang* has steadily turned up in several European cities and two recordings; other Schreker rediscoveries have also been undertaken, which chimed with the growing European interest in the major musical figures of the Austro-German musical culture - not just Strauss and Schoenberg, in what may loosely be termed the Weimar years.

On the evidence of Tuesday's Leeds first night, I have to say that the case for the Schreker revival seems not at all proved, let alone won. The most prize feature of the opera was, and



Centre: Fiona Kimm and Virginia Kerr

remains, its instrumental sound-world - the shimmering, delicate, ravishingly blended woodwind-harp-and-cello sonnettes wafting up out of the orchestra pit whenever the opera's central male figure, the composer Fritz, is depicted in obsessive search for the "distant sound" that represents his artistic inspiration. Wherever this recurs, partly in the opera's opening and closing stages, the aura of late-Romantic rapture proves enduringly potent: Schreker seems to fuse the worlds of Debussy and Strauss.

Elsewhere, I fear, we are left with little more than a pre-World War I penny dreadful. Fritz abandons his village sweetheart Grete, who sinks into

prostitution; in Act 2 she's the top attraction of the Casa di Maschera, a Venetian brothel. Fritz encounters her for reasons never made clear, and spurns her. In Act 3 she turns up, now a shabby street-walker, for the premiere of his unsuccessful new opera, *The Harp*, and they are reconciled mortally ill; he dies still searching for the proper completion of his opera, rather like Zivny in Janáček's roughly contemporary *Osed*.

Through these and other scenes are built up with recourse to original and sophisticated effects clearly the use of onstage band and piled-up simultaneities was to work a strong influence on the writing of *Wozzeck* - the gap

between technical complexity and plot slenderness, not to say lameness, grows unbridged. The roles are symbolic mouthpieces, not characters; in this respect I find it instructive that all Schreker's creative individuality appears to have been spent on the orchestra, leaving the voice parts to sing out in a kind of post-Wagnerian autopilot.

I said earlier, "on first-night Leeds evidence, it is a crucial proviso. The Grand pit proves too small for Schreker's orchestra; additional instruments have to be housed on the stage itself, in tiers around a raised acting-area, with the disastrous consequences for Schreker's subtly blended scoring, which most of the time sepa-

rates out in thin strands - and which, in full cry, drowns the voices. Mr Daniel, obviously a Schreker believer, pilots the opera with sympathy and tenderness, but the *Klang* produced by the orchestral configuration defeats his best efforts.

Then, alas, there is the matter of the production - a British debut in this field by the much-loved mezzo Brigitte Fassbender, using the sets of the opera's larger forces is of a stiffness and, indeed, ineptitude that defy description. The Act 2 brother-scene comes complete with female revenants from the J. Arthur Rank Charm School and some incredibly general drag queens, one would guess that the producer's purpose was send-up, except that there's no hint of wit or deftness in her handling.

In spite of the orchestral baggage, there is some impressive singing. Mr Begley and Miss Kerr both reveal "youthful heroic" voices of exactly the right sturdily appealing kind (I hope she will press no harder for volume); other performers notably include Fiona Kimm, William Dazley, Peter Sullivan and John Hall. In sum, though, and to be cruelly and regrettably frank, Opera North appear for once to have vastly overreached themselves.

Max Loppert

## Noble unveils his first season at the Royal Shakespeare Company

An upbeat Adrian Noble unveiled yesterday his first full programme as artistic director of the Royal Shakespeare Company. Sir Peter Hall returning to Stratford after twenty-four years to direct *Antony and Cleopatra* and *The Taming of the Shrew*, which will also be directed by Sir Peter Hall.

Despite the \$3m deficit which hangs over the RSC, Adrian Noble was in bullish mood. Audiences were up in 1991, when the Company played to over one million people, and the year will show a small profit. Noble is making minor innovations both in opening a Shakespeare play - *Hamlet* - in London and then transferring it to Stratford in 1993, and by building up successes from last year's season at the Swan, such as *The Two Gentlemen of Verona* and *The Alchemist*, for the big stage at the Barbican rather than condemning them to the Pit.

Antony Thornecroft

## Mendelssohn Foundation

A Mendelssohn Foundation has been established in Leipzig, Germany, based at the Gewandhaus, home of the Leipzig Gewandhaus Orchestra. Its first task will be to rescue the Mendelssohn House, the composer's residence in Leipzig, from years of neglect and threatened development as a hotel. The Foundation plans instead to establish it as an international cultural centre. The Royal Philharmonic Society, based in London, was invited to become one of the founder members.

INTERNATIONAL  
ARTS  
GUIDE  
TODAY'S EVENTS

## AMSTERDAM

Concertgebouw 20.15 Procolo Chilly conducts the Royal Concertgebouw Orchestra in Schoenberg's First Chamber Symphony, Bruno Maderna's Grande suite and Fauré's La Valse. The programme is repeated on Sat evening and Sun afternoon, with Lalo's Cello Concerto (soloist Jean Decroix) replacing the Maderna. Tomorrow: Barbara Hendricks sings Mozart arias. Sat afternoon: Valery Gergiev conducts a concert performance of Tchaikovsky's opera *The Sorcerer* (5719 346).

## BARCELONA

Gran Teatre del Liceu 21.00 Mark Ermler conducts Gilbert Delfo's production of Tchaikovsky's *Queen of Spades*, with a cast led by Natalia Romanova, Leonie Ryseneck, Claire Powell, Jan Blüthner and Sergey Leiferkus. Rains till Jan 31, with next performance on Sat at 17.00 (412 1489).

Palau de la Música 21.00 Members of the Barcelona City Orchestra play chamber music by Thull, Francaix and Poulenc. Tomorrow:

Sat and Sun: Garcia Navarro conducts Beethoven's Third Symphony - Bruch's First Piano Concerto, with Rafael Orozco (288 1000).

## BERLIN

Komische Oper 18.00 New production of Hans Werner Henze's ballet *Undine*, staged by Arta Slegert. Tomorrow: La bohème. Sat: Tom Schilling's production of Prokofiev's ballet *Romeo and Juliet*. Sun: Handel's *Giustino* (East Berlin 2282 635). Schauspielhaus 20.00 Siegfried Kurt conducts the Berlin Sinfonietta in Dvorak's Sixth Symphony, Gershwin's An American in Paris and Kurt's Trumpet Concerto with Carole Dawn Reinhart, repeated tomorrow. Sat and Sun: Gustav Kuhn conducts Schumann's Das Paradies und die Peri (East Berlin 2272 261). Philharmonie Kammermusiksaal 20.00 Alois Wind Quintet in a programme of music by Reicha, Francaix, Fauré and Ravel. Tomorrow: Vassy Quartet. Sat: Guarnieri Quartet (West Berlin 2614 383). Sun and Mon in SFB Großer Sendesaal: Nikolaus Harnoncourt conducts the Berlin Radio Symphony Orchestra in music by Haydn and Mozart (3027 242).

## BRUSSELS

Palais des Beaux Arts 20.00 Vladimir Ashkenazy conducts the Royal Philharmonic Orchestra in music by Bartók, Britten, Delius and Ravel. Tomorrow: Ronald Zollman conducts the Belgian National Orchestra in Mozart, Mendelssohn and Berlioz, with violin soloist Isabelle van Keulen.

Sat Prague Operetta Theatre production of *Die Fledermaus* (507 8200). Sun: Antonio Pappano conducts the Orchestra and Chorus of the Monnaie in Verdi's Requiem (219 6341).

## FRANKFURT

Alle Oper 19.30 Ellahu Inbal conducts the Frankfurt Radio Symphony Orchestra in Deryck Cooke's realization of Mahler's Tenth Symphony, also tomorrow. Sat: Homage to Duke Ellington. Sun morning: David Shalton conducts Mahler's Fifth. Sun evening: Neville Marriner conducts Haydn's Creation. In the Mozart Saal tonight at 20.00: cello recital by Heinrich Schiff. Tomorrow: an evening with Maurizio Kagel. Sat: Scottish Folk Festival. Sun: François Le Roux sings Schubert, Schoeck, Duparc, Debussy and Ravel (1340 400). Opernhaus 20.00 Three choreographies by Amanda Miller, also Sun. Tomorrow: Macbeth. Sat: *Arriadne auf Naxos* (236061).

## LONDON

## THEATRE

● All My Sons: Arthur Miller's early masterpiece draws a picture of two families facing bereavement, divided responsibility, guilt and responsibility for the past. David Thacker directs, with designs by Fran Thompson and lighting by Jim Simmons. Ian Bannen plays the part of Joe Keller. Starts previewing tonight, Press night on Tues, runs till March 7 (Young Vic 071-928 6383).

● Faith Healer: Brian Friel's play is produced by the Abbey Theatre Dublin, which had recent West End

hits with *Dancing at Lughnasa* and *Hedda Gabler*. The cast, directed by Joe Dowling, includes Sinead Cusack, Ron Cook and Donal McCann. Starts previewing next Tues, Press night on Jan 24, runs till Feb 16 (Royal Court 071-730 7469).

● Painting Churches: Tina Howe's play is directed by Patrick Sandford, with Leslie Phillips, Sian Phillips and Josie Lawrence. Currently previewing, Press night next Wed (Playhouse 071-839 4401). ● The Cabinet Minister: Maureen Lipman carries the show in a Pinter comedy which was lambasted by the critics but is enjoying a popular run. The cast also includes Derek Nimmo (Albany 071-887 1118).

● For ticket information about all West End shows, phone Theatreline from anywhere in the UK: Plays 0838 430959 Musicals 0836 430980 Comedies 0836 430981 Thrillers 0836 430982

DANCE Covent Garden 19.30 Frederick Ashton's Royal Ballet production of *La Fille mal-gardée*. Tomorrow: Nutcracker. Sat afternoon and evening: Giselle (071-240 1086). Royal Festival Hall 19.30 Final performances of Ben Stevenson's English National staging of *The Nutcracker*, tonight, tomorrow and on Sat afternoon and evening (071-928 8800).

MUSIC Queen Elizabeth Hall 19.45 Lydia Mordkovitch, accompanied by Marina Gusk-Grin, plays violin sonatas by Beethoven and Saint-Saëns. Tomorrow, Sat and Sun: Compagnie Philippe Genly (071-928 8800).

Barbican 19.45 Rafael Frühbeck de Burgos conducts the London

Symphony Orchestra and Chorus in Beethoven's Choral Fantasia and Ninth Symphony. Tomorrow, Sat and Sun: BBC Berg Festival (071-838 8891).

## MADRID

This week's programme at the Auditorio Nacional de Musica includes a concert tonight by the Classical Orchestra of Madrid, with music by Haydn, Schubert and Stravinsky. Tomorrow, Sat and Sun, Walter Weller conducts the Spanish National Orchestra in music by Arriaga, Halffter and Beethoven (337 0100).

## NEW YORK

Avary Fisher Hall 20.00 Leonard Slatkin conducts the New York Philharmonic Orchestra in Claude Baker's Shadows, Mozart's Piano Concerto No 25 (soloist Christian Zacharias) and Dvorak's Sixth Symphony. Repeated tomorrow at 14.00, also Sat and next Tues (875 5030).

Metropolitan Opera 20.00 Marcello Panni conducts *L'elisir d'amore* with Kathleen Battle, Luciano Pavarotti, Juan Pons and Paul Plishka, also Sat. Tomorrow: Samuel Ramey sings Don Giovanni (362 6000).

New York State Theatre 20.00 City Ballet in choreographies by Peter Martins, Balanchine and Jerome Robbins. Tomorrow: Tchaikovsky evening (870 5570).

## ROME

Teatro Olimpico 21.00 Joshua Bell, accompanied by Fred Chiu, plays violin sonatas by Brahms.

Prokofiev, Wieniawski and Schubert (3234 890). Teatro dell'Opera 20.30 Paolo Carignani conducts Carlo Verdone's production of *I barbiere di Siviglia*, with a cast led by Sime Alaimo, Rockwell Blake and Jennifer Larmore. Runs till Feb 7, with next performance on Sun (488 3641).

## VIENNA

Musikverein 19.30 Erwin Ortner conducts the Salzburg Baroque Ensemble and Arnold Schoenberg Choir in Handel's Messiah, sung in English. Tomorrow: Michael Gielen conducts Bartok and Liszt. Sat afternoon and Sun morning: James Levine conducts the Vienna Philharmonic. Sun evening: Isaac Karabachevsky conducts the Tonkünstler Orchestra in Mahler and Beethoven (505 8190).

Tomorrow in the Konzerthaus: Gennadi Rozhdestvensky conducts the Moscow State Symphony Orchestra in an all-Prokofiev programme. Sun morning: Ingrid Haebler plays Mozart's Piano Concerto in A major K414 with the Vienna Chamber Orchestra conducted by Sandor Vegh (712 1211).

Singsopier 17.30 Horst Stein conducts Tristan and Isolde, with Gabriela Schnaut as Isolde, also Sun. Tomorrow: Salome. Sat: Tosca with Mara Zampieri and Neil Shicoff (51444 2960).

Volksoper 19.00 Bruno Weil conducts *Le nozze di Figaro*. Tomorrow: Die Zauberflöte. Sun at 11.30: Lieder recital by Boje Skovhus. Sun at 19.00: Donald Runnicles conducts Christine Miellitz's new production of Lady Macbeth of Mtsensk (51444 8318).

## European Cable and Satellite Business TV

(all times CET)

## MONDAY TO FRIDAY

CNN 0730-0800 Moneyline 1230-1300 Business Morning 1330-1400 Business Day 2000-2030 World Business Today - a joint FT/CNN production with Grant Perry and Colin Chapman 2200-2300 World Business Today 0100-0130 Moneyline Super Channel 0600-0620 Business View 0630-0700 Business Inladers 2130-2200 (Tues) East Europe Report - weekly in-depth analysis from FTV 2130-2200 (Wed) FT Business Weekly - global business report with James Gullitt 2130-2200 (Thurs) Talking Heads - international issues Sky News 1200 International Business Report 1130, 1730, 2130, 0430, 0530 (Thurs) FT Business Weekly

## SATURDAY

CNN 0730-0800 Moneyline 0900-0930 World Business This Week - a joint FT/CNN production 1500-1610 Moneyline 1900-1930 World Business This Week

## SUNDAY

Super Channel 1800-1830 FT Business Weekly Sky News 1230, 1630, 2030, 0230, 0230 FT Business Weekly CNN 1800-1830 World Business This Week



## FINANCIAL TIMES

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Thursday January 16 1992

## The future of Lloyd's

LLOYD'S, the insurance market, is an organisation built on business structures that pre-date the industrial revolution. Yesterday, a task force set up to investigate Lloyd's workings and prospects - the fourth such report in two decades - offered an escape into the modern world. It may be too late.

Consider the story the task force's report tells, with admirable clarity and force. Lloyd's has been losing market share for years. Its geared capital structure heightens its members' vulnerability to periods of loss, which have become more deadly as the insurance industry's cycle oscillates ever wider its managing agents pay themselves too much, without enough exposure to market forces. Its costs exploded in the 1980s, at the same time as it sucked in large amounts of excess capital. Too much of that capital came from new members who did not possess enough personal wealth to cope with the risks.

Lloyd's cannot predict its liability to US damage claims, which may continue rising uncontrollably. Half its members are losing market share, past trading periods that carry an open-ended exposure to unpredictably rising losses. Angry members are suing each other and Lloyd's itself. Its principal asset, a sterling international reputation, is threatened by these lawsuits and by growing concern over its future capital stability.

In short, Lloyd's is in crisis. In response, the task force offers a curious mixture of short-term conservatism and long-term radicalism. This may be the right prescription for the market as a whole but it offers little consolation to Names seeking a way out of the errors of the past. Indeed, by recommending that Names' bank guarantees always be called in, regardless of the underlying security, it has increased the likelihood that the worst-hit Names will lose their homes.

## Afflicted

The task force has firmly rejected any retrospective sharing-out of the losses of the past few years, despite the evidence that they have fallen disproportionately on a relatively

small number of Names. Yesterday Mr David Coleridge, Lloyd's chairman, offered afflicted Names his sympathy, but little else.

In the short-term, the task force proposes a sensible scheme for capping future losses, at a level still high enough to inflict pain, but probably low enough to protect against devastation. Its other short-term recommendations are similarly level-headed, although one of them - the strengthening of Names' rights - is no more than a basic code of fair dealing. After three centuries, Lloyd's should not need a task force to teach it such elementary principles.

## Radical vision

In the longer term, the report offers a much more radical vision. Although it preserves the principle of unlimited liability - above all, for tax reasons - most individual Names would end up as participants in what amounts to little more than a tax-advantaged, mildly risky unit trust. A smaller number of truly wealthy individuals, "super-Names", would continue business as before, but a growing proportion of the market's capacity would be provided by insurance company subsidiaries, with limited liability for their shareholders. Costs would shrink by 30 per cent; many jobs would go.

This vision has much to recommend it. Unlike many blueprints for reform, the report offers a way to get from here to there with minimal disruption. Yet events may conspire against its successful achievement. Much hangs on the trading year in progress. If this year is healthy and profitable for the first time in half a decade, Names who are thinking of leaving will get their teeth and carry on. Lloyd's capital will stabilise, and its prospects of achieving the profitable growth on which the task force hopes will greatly strengthen.

If this year goes badly, the flight of Names will accelerate, and Lloyd's prospects of maintaining its place in the world insurance industry will vanish. The task force report is timely and welcome, but the underlying sequence of 1992 may prove more important.

## Next steps in Yugoslavia

YESTERDAY, the European Community recognised Slovenia and Croatia, albeit with understandable caveats from France and the UK. Two weeks into the most effective ceasefire in the six-month conflict, Bonn's persistent argument that recognition would be a carrot leading towards peace appears to have been vindicated. No one, however, should be tempted by the illusion that this war, which has killed thousands and made half a million people homeless, is over.

The main question facing the EC, upon which the practical task of peace-keeping will continue to fall, whatever the nature of any UN imprimatur, is the extent to which community member states are willing to apply stick as well as carrot. Economic sanctions will no doubt have a part to play for some time to come, but most specifically and immediately, the peacemakers must ensure that neither Serbia nor Croatia feels able to extend the war into the neighbouring republic of Bosnia-Herzegovina.

Extension of the war is a course of action all too likely to appeal to Mr Franjo Tudman, the president of Croatia, and Mr Slobodan Milosevic, the president of Serbia, given their political need to silence growing internal opposition to the failures of their policies. Mr Tudman, for example, has obtained recognition for Croatia without regaining full control of the republic's territory. Mr Milosevic has failed to prevent Croatia from seceding from what was once the Yugoslav federation. For politicians whose stock in trade is to foment nationalist unrest to increase their power bases, these are serious difficulties.

## Carve up

That both politicians now present themselves as peacemakers should delude no one. There are unmistakable signs that the two rivals are indeed seeking to gain more territory by agreeing with each other to carve up their ethnically mixed neighbour, where for centuries, Muslims, Serbs and Croats have lived together peacefully.

It will not be easy for the international community to guarantee the stability and territorial integrity of Bosnia-Her-

cegovina. A first step would be for the EC to make it plain to everyone involved that the security of this republic is a precondition of all further co-operation with Serbia and Croatia. Secondly, the EC should propose and help finance the demilitarisation of the republic, which is currently home to a large part of the Serb-dominated federal army.

At the same time, planning needs to proceed in earnest for the possible despatch of a significant UN peace-keeping force to Bosnia-Herzegovina, a move Mr Milosevic strongly opposes.

## Most risky

Of all the options open to the international community, this is obviously the most risky and could only proceed in the light of a full appraisal of the military situation. It would be a disaster for such a force, likely to be composed mainly of Europeans, to be obliged to retreat in the face of gruesome casualties. If the ceasefire continues, such intervention may not be necessary, if it breaks down it may be impossible. But following the decision to send in unarmed UN observers, it is a contingency which, if well timed, may be both viable and desirable.

In the meantime, Bosnians themselves will be active. Some still hope for international recognition once a referendum is held throughout the republic and that independence will give Bosnia the right, and perhaps even the ability, to exercise some control over the army. More important is the fact that independence would validate the republic's internal frontiers as international borders. If it is possible to establish in the Yugoslav context that no borders, whether internal or external, will be altered by force of arms, much will have been done to improve the chances of lasting stability.

For the EC, Yugoslavia will continue to represent an inescapable, long-term challenge. That Germany's unilateral diplomacy has produced a short-term and most welcome advance should not be allowed to obscure the need for patient and coherent collective action in the future.

In the splendid setting of Mexico City's Chapultepec Castle, one of Latin America's last "dirty wars" will formally end today. The government of El Salvador and its rebel opponents are to sign a treaty to end a 12-year civil war that claimed 75,000 lives, most of them civilian.

Gradually, country by country, a sort of peace is reclaiming Central America. Only in Guatemala is a civil war still being fought. Elected civilian governments now rule in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua; a decade ago there was only one, in Costa Rica.

In the past 12 years, close to 200,000 people in the region have died violently and 2m to 3m central Americans, as much as 15 per cent of the population, have been displaced from their homes.

In part, these countries were victims of the cold war. President Ronald Reagan's secretary of state, Alexander Haig, once declared that he would "draw the line" against communism in El Salvador, a country the size of Wales with a population of 5.1m. President Reagan himself saw the left-wing rebels there as attempting to destabilise the whole region and moving "chaos and anarchy toward the American border". The Americans poured more than \$4m into El Salvador during the 1980s, one quarter of its military aid.

The end of the Cold War has sharply reduced America's fears. At the same time, funding for the extreme left from outside the region has ebbed away, as has its intellectual *raison d'être*. The once bitterly divided isthmus is now ruled by like-minded centre-right politicians. When they meet (which is often) they talk about economic integration, market-based reforms and the struggle to raise living standards to the levels of the 1970s.

Peace in El Salvador should help to reinforce this process, and reduce the still huge influence of the military on governments in the region. It will increase pressure on the Honduran army to cede more power to the civilian government. Foreign attention will turn to the Guatemalan government in a bid to force it to reach agreement with its rebels, with whom it has been fighting for 30 years. The Nicaraguan army, still under the command of the left-wing Sandinistas, who lost control of the government in elections in 1990, is expected likewise to be reduced in size.

Beyond its effects on the military, the peace accord reflects and reinforces a genuine narrowing of once sharp ideological differences in Central America. The extreme left in El Salvador, once the hardest-line Marxists in the region, changed their tune after witnessing the collapse of Nicaragua's economy and its Sandinista government, and the fall of communist eastern Europe. For the most part they now support a mixed economy; many talk approvingly, for example, of privatisation.

The 18-month negotiations between the Salvadoran government and the rebel Farabundo Martí National Liberation Front (FMLN) were thus mainly over political, rather than economic, rights: the reduction of the size and redefinition of the role of the army

Damian Fraser and Stephen Fidler on Central America  
Peace, but no plenty

and the admission of the rebels into the national police force. In particular, before the talks were concluded, Mr Abraham Rodriguez, a distinguished Salvadoran Christian Democrat, said of the rebels' negotiating position: "There is not one point dividing them from us." The traditional ruling oligarchies and the right-wing businessmen who support them in turn have conceded many of these political rights, in part because of a fear that continued civil war will leave them behind in Latin America's rush to open itself politically and

economically.

President George Bush's pragmatic approach to Central America could hardly contrast more with the ideological stance of his predecessor. The Bush administration has shifted the emphasis of relations with the whole of Latin America towards one of economic partnership. It has actively and faithfully supported the UN-mediated negotiations in the Salvadoran talks.

The chief UN mediator, Mr Alvaro de Soto of Peru, has the willingness of the US to take a back seat in the Central American peace talks as the end of the cold war - the rationale for US intervention in the western hemisphere first

be co-ordinated with countries like Mexico, Venezuela and Colombia, and not alone". As the US withdraws from Central America, the Mexicans, and to a lesser extent the Venezuelans, will partly fill the vacuum. After spending their time in the 1980s proposing peace plans, they are now concentrating on economic aid and advice. Mexico hopes to have free-trade agreements with each of the Central American republics by 1995.

Both Venezuela and Mexico

have signed 1,451 agreements with Central America in the past three years, covering matters such as transport, customs clearance, education, cultural exchanges and border issues.

The region has a long way to go to become a model of reformist zeal. Despite the peace agreement, to be monitored by 1,000 UN observers, violence seems unlikely to end soon. The ethnic divisions between Indians and people of Spanish origin, the great inequalities of wealth and income, the hate between former enemies are not going to melt away overnight.

In El Salvador, even if, as Mr Gonzalez Galvez suggests, the bulk of the army supports the treaty, death squads - right-wing groups within the army that killed thousands during the 1980s - may well return.

The treaty could also come unstuck in its implementation. The provisions for handing over to the rebels the large swathes of territory they control are messy, and reflect a last-minute compromise.

To make matters worse, the economic and social problems facing the isthmus remain huge. The war-ravaged economies of the region are heavily dependent on exports of a few commodities such as bananas, sugar and coffee. Yearly incomes per head of the population range from \$850 in Nicaragua to \$1,800 in Costa Rica.

Two years ago, an international commission reckoned that the region would need \$20m a year in economic assistance over five years for reconstruction and to begin sustained economic recovery. The Salvadoran government has estimated that it alone needs \$1.5bn over five years for reconstruction. The World Bank is to convene a conference within the next few months to co-ordinate foreign aid for El Salvador. But will the money be forthcoming?

On the face of it, the expected presence in Mexico today of Mr James Baker, the US secretary of state, and the leaders of Mexico, Colombia, Venezuela and Spain bodes well. But as central America loses the attention it once attracted, it is likely to fall. That fall will be sharper if, as some observers fear, the US disengages from the isthmus economically as well as politically.

The US emphasis on economic co-operation with Latin America notwithstanding, Mr Kenneth Carter of the Council for Foreign Relations in New York says he senses a mood in the US that Washington should "wash its hands" of Central American governments.

The region is no longer on anybody's front line. Economically, it carries no great importance. The combined gross national product of the five countries in 1990 was just over \$20bn, less than that of Wales. Politically, it may remain significant only to its immediate Latin neighbours - whose ability to pump money into it is limited. Despite El Salvador's hopes for better prospects, the region may be forced to rely mainly on its own painfully limited resources, along with a trickle of foreign investment.

For the people of Central America, the peace has been long enough in coming, emerging from the economic and social troubles will take substantially longer.

## Regulator takes up the baton

Charles Leadbeater and Hugo Dixon on the OFT's new boss

Sir Bryan Carsberg was yesterday sporting an unseasonal tan courtesy of a holiday in the Maldives. The idea that Sir Bryan takes holidays on luxurious islands in the Indian Ocean, will probably come as a surprise to the companies which have been the objects of his unrelenting scrutiny during his seven years as director general of Ofel, the telecommunications industry watchdog.

Sir Bryan has been the British pioneer of utility regulation. He helped to privatise BT and then successfully exposed it up to tighter regulation and greater competition. He has more influence than any other individual on regulation in electricity, gas, and water, as well as telecommunications.

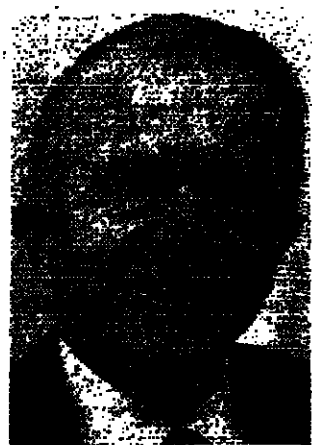
His influence will expand significantly in June when Sir Bryan takes over from Sir Gordon Borrie as director general of the Office of Fair Trading (OFT), the most powerful post within the British system of competition policy making and enforcement.

Sir Bryan will be an active and inquisitive competition chief. "My approach will not be to assume that everything is all right," he says. "My attitude will be that there is probably quite a lot to be done."

Certainly he comes to the post with a formidable record. At Ofel he was a proactive regulator, seeking out opportunities to promote competition rather than merely reacting to complaints that it was being restricted. One of his strengths is his ability to combine a general understanding of the economics of competition, with an intensely practical interest in how markets and companies function, a product of his long experience as an accountant. BT has learned to its cost that Sir Bryan is a formidable opponent in arcane arguments over how much deposit a customer should be charged for a telephone as well as the grander arguments about how much competition is good for an industry.

Like Sir Gordon he seems able to work effectively with Labour and Conservative politicians. He said there would be no problems if Labour were the next government as there was "quite a large measure of agreement" between the parties on the sort of work the OFT does.

Sir Bryan, 53, a trim former marathon runner, still has healthy reserves of the stamina and tenacity which have kept him going in his continual battles with BT. However, the very personal character of his struggle with BT is also a due to Sir Bryan's shortcomings. Critics accuse him of intellectual arrogance. He is a technocrat who believes in taking decisions behind closed doors, without much public consultation. He has been better at making policy than making



Sir Bryan: active chief

sure his organisation effectively pursues customer complaints against BT. Most of the OFT's work is similarly humble stuff. It spends only 8 per cent of resources considering mergers, compared with 37.6 per cent on regulation of consumer credit agreements and estate and 15 per cent on other humdrum consumer protection work.

Former colleagues also say that he is not a good delegator. Dealing with a single industry it may have been possible for Sir Bryan to keep a tight grip on all the reins. To deal effectively with the wide range of industries covered by the OFT - from soft drinks to financial services, gas to car retailing - Sir Bryan will have to draw upon the expertise of others.

Sir Bryan has no firm views on whether the OFT's investigative powers or its structure need changing. However, he will certainly have to think about a number of issues that go to the heart of the OFT's role.

He sees no reason why specialised utility regulators should be incorporated within the OFT at this stage, although it is possible he may want to bring the Monopolies and Mergers Commission within its ambit to create a single competition authority responsible for policy, investigation and enforcement. One of the most controversial issues may be whether competition should remain the guiding light of merger and regulatory policy. In the energy and water industries environmental considerations are becoming influential. The government has recommended the OFT should consider state ownership, foreign ownership and financial gearing in considering bids. A Labour government would seek a new balance between competition, the environment, job protection and other factors. There is also the question of the relationship between British policy and EC policy, which is increasingly impinging upon national markets.

BT may be giving out a sigh of relief at Sir Bryan's departure from Ofel; but the rest of British business had better be on his toes. He is unlikely to be taking a long summer break.

## New fair trader

■ If Britain is more competitive than it was 16 years ago, you can thank Sir Gordon Borrie.

When he took over from John Methven, the first director general of Fair Trading, Shirley Williams was running the department of prices and consumer protection, and he has had over a dozen different political bosses since then. But it was the whirlwind of the UK's sometimes erratic competition policy, Borrie has been the one constant factor.

Although the 60-year-old law professor was appointed by an interventionist Labour government, he has been a robust intellect which has served him well. He gives the impression of being impervious to pressure, yet has been able to adjust his policies to the political mood of the day.

During his term, the job of director general of fair trading has grown in importance. This may be partly due to the fact that under Margaret Thatcher's free-market regime, politicians did not want to be seen to be interfering. But it also reflects Borrie's own distinct contribution.

All the same, he had been doing the job for too long. After 15 years of dealing with civil servants, even the strongest personality is liable to start acting like one. Promoting Sir Bryan Carsberg makes obvious sense. He has been the telecom watchdog for long enough and also needed a change.

## OBSERVER

newly formed grouping of local authorities, government agencies and business, he runs Edward Billington & Sons, one of the nation's remaining sugar merchants.

But his inaugural promises to refine the area's image met with a bitter reverse. Even as he spoke, supporters of militant were stirring up post-tax protests outside Liverpool magistrates' courts.

## Dirty Linen

■ Get ready for the fashion accessory of 1992, designer jeans guaranteed to stay dirty no matter how many times you wash them. "The Legendary Joe Bloggs", a UK fashion company, will soon start supplying the jeans - at \$45 a throw - to retailers.

Good citizens, perhaps worried about the impact of the recession on the nation's finances, sent unsolicited contributions totalling £147,012 and 95 pence to the Treasury in the 12 months to October. That compared with a meagre £2,587 and 50 pence in the previous year.

Some unkind observers at Westminster were last night pointing out that the surge in generosity coincided almost with the month with Margaret



"I had a dream that I'd only waited a year for my operation"

Thatcher's departure. But they had perhaps forgotten that in her first year of office such donations reached a record of over £210,000.

So perhaps now it is Lamont's baleful countenance which is pulling in the cheques. He would not mind a few more to pay for those pre-election tax cuts.

## Under cover

■ Columbus's voyage of discovery to America seems to have been a relatively straightforward affair compared with the task of establishing a foothold for him in London half a millennium later.

Plans to erect a statue on the Thames Embankment near Lambeth Palace have been bedevilled by controversy over his actions, which has seen him vilified as a butcher of Indians and plunderer of the environment, not least by Harold Pinter.

Fortunately, the uproar has failed to deter the Spanish

government from agreeing to fund the project, masterminded by the Hispanic and Lusio-Brazilian Council at Cannon House (resident Viscount Montgomery of Alamein).

Even so, the planners are taking no risk of further fueling anti-Columbus fervour ahead of the unveiling. They are keeping secret both the location of the statue - believed to be locked up somewhere in Madrid - and the date when it will be smuggled into Britain.

## Rag-bag

■ Wonders of Observer's In-tray, volume 17. Milton Keynes Development Corporation, due to self-destruct after its 25th anniversary in April, has decided to send out one last press-pack.

Here are 10 things you never wanted to know about Britain's 15th biggest city. It has: Europe's largest roller-skating rink. The UK's first purpose-built Japanese boarding school. More Swedish than French firms. A life-size stegosaurus. The first peace pagoda in the Western hemisphere. Over 15m new trees and shrubs. Counting canals and ponds, a coastline longer than that of Jersey. Central streets planted with plane trees which benefit from heat reflected off pavements. A mere 15-minute car-drive from one side of the place to the other. And 20 per cent of its residents unhappy with the way it is planned.

## Own goal

■ Sent to prison as a first offender, an English graduate was told by an old lag there that if he made amorous advances to the governor's wife, she'd get him released quickly.

"But I can't do that," he protested. "It's wrong to end a sentence with a proposition."

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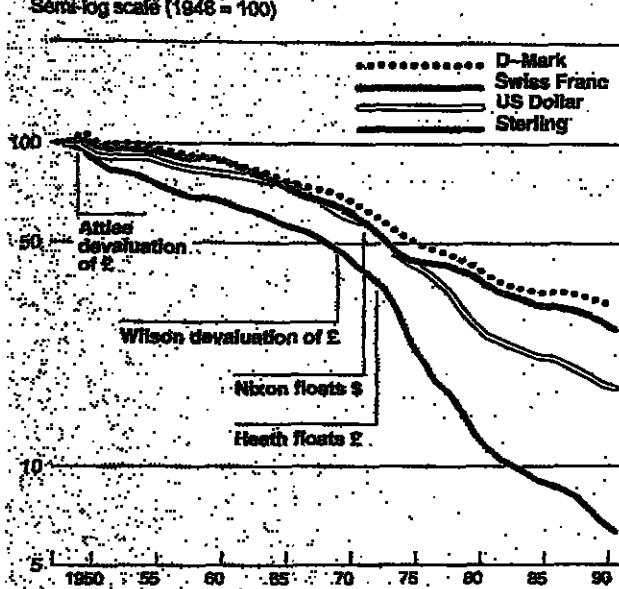


## ECONOMIC VIEWPOINT

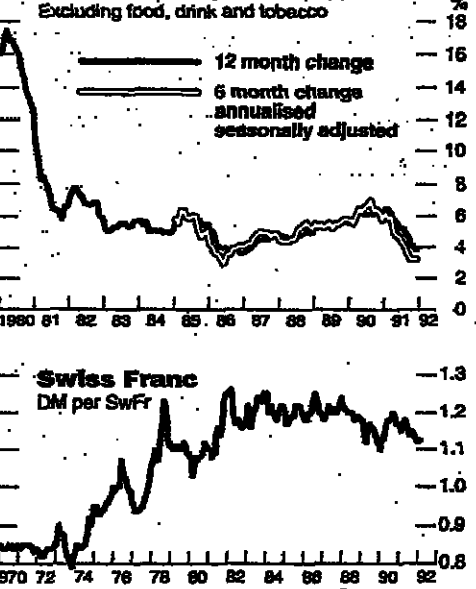
## More on the not so sovereign pound

By Samuel Brittan

Purchasing power of currencies



UK producer prices



The most reassuring piece of news about the British economy is that the Treasury forecasts have now flipped over and see little if any recovery in the period ahead. That must be a sign of relief ahead. Not surprisingly activist fiscal policy is once more a respectable subject of discussion.

I do not mean that the true prognosis is always the opposite of what the official forecasts say. It is more that forecasts are bound to reflect the present and recent past, with a few twists and manipulations. Recent indicators have been unrelentingly gloomy on the real side of the economy, and it is often darkest before the dawn.

But there is genuinely cheerful news, and not merely hope, on the inflation side, which is an unmitigated blessing. For it is the fall in inflation that provides the headroom for an eventual resumption of growth.

Let us take an annual growth rate of the national income of 5 to 7 per cent as providing room for reasonable growth at moderate inflation. This is not a rate that can be guaranteed immediately. In the short term the course of the British economy is tied to the success of the Bundesbank in

breaking the momentum of the German wage push.

But eventually, nominal demand should be able to start growing again by 5 to 7 per cent, and the course of inflation will be determined by that. That can be real growth. This Friday's Retail Prices Index will, as so often, be misleading, reflecting the echo effect of long-distant changes in the price of oil.

The most encouraging data come from UK Producer Prices. These do not of course cover the whole economy, but do provide its leading edge. Excluding food, drink and tobacco, which were boosted by the excise duties increase in the last Budget, other producer prices rose by 3.8 per cent in the 12 months to last December, compared with the peak of 6.5 per cent as recently as last February.

They forget that inflationary psychology carries through to the more insulated service sectors of the economy, the way will be open for a resumption of non-inflationary growth. The achievement is, however, a fragile one, which could easily be

shattered by political short-termism without achieving any durable gains in output or employment in return.

The main chart is an attempt to put the issue in longer-term perspective. It is an adaptation of the one I produced after the Maastricht Summit on December 12 to show how the purchasing power of the supposedly sovereign pound had fallen since the war.

I have made two main changes. The index is now on a log scale, so that a given proportional fall in the value in

the pound is always shown by the same vertical drop. Second, I have superimposed a more formal way in a series of papers. When floating exchange rates allow countries to control their own monetary destiny, inflation differentials between countries, once established, tend to persist.

Moreover, once inflation is pushed up by any shock, such as a wage explosion or an oil price increase, it tends to stay high.

Under the Gold Standard or Bretton Woods system of semi-fixed exchange rates, on the other hand, there was no such "accommodation" and inflation described a random path around a low or zero basic trend, in the UK, for instance, up to the 1967 devaluation, neither the advent of elections nor the identity of the party in power mattered for either expected or actual inflation. The ERM could perform a similar function if Germany can overcome its unification strains.

remains a huge potential for central bank intervention even before the D-Mark margin is reached. The combined British and German foreign exchange reserves are committed to the defence of sterling to prevent a breach of the margins.

Base rates would be increased, however reluctantly, if the reserve drain became too large. But this is only the third line of defence. However politically distasteful, it would not be as catastrophic politically for the government, as a humiliating departure from the ERM which like other "dashes for freedom" would end in yet higher interest rates as Messrs Kinnock and Smith coped with the ensuing sterling plunge.

Second, if that is not enough, there

real purchasing power. But at 17.5 cents it is still worth nearly three times as much as the equivalent amount of sterling. This fundamental explains why Mr Alan Greenspan of the US Federal Reserve has more flexibility in combating recession than the Treasury or the Bank of England.

The German D-Mark, as one would expect, has fallen much less in real value. But there have still been enough periods of creeping inflation to reduce it to 31.5 pfennigs today. A closer look at the chart reveals a remarkable phenomenon. Until the late 1980s, the dollar's purchasing power remained almost as much as the D-Mark. It was only with the inflationary financing of the Vietnam war and the floating of the dollar in 1971 that the value of the US currency really started to shrink.

It is a myth to suppose that Switzerland's experience provides any comfort for a policy of going it alone outside the ERM. After a shock appreciation in the late 1970s which alienated local industrialists, the Swiss franc has been informally shadowing the D-Mark.

An economist of Birkbeck College

After the departure from Bretton Woods the value of the dollar really started to shrink

London, Mr George Alogoskoufis, has put the message in a more formal way in a series of papers. When floating exchange rates allow countries to control their own monetary destiny, inflation differentials between countries, once established, tend to persist.

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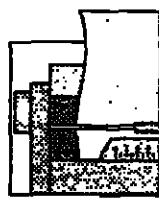
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Second, if that is not enough, there

## PERSONAL VIEW

## Building for rapid recovery

By Michael Keevill



The UK economy

is in such deep recession that unusual measures to stimulate economic activity without causing inflation need urgently to be considered.

The principal political parties will need to come up with original ideas to meet the public demand for fundamental new thinking.

Rather than wait for them, industrialists have been searching for a business solution.

Construction, the fundamental economic kick-starter, is in deep stagnation. Everything from concrete and bricks and steel to window frames, wallpaper and lighting are, or soon will be, feeling the knock-on effects.

Architects and surveyors, electricians and plumbers have become unemployed or underemployed and the effects are felt in the High Street.

Currently there are more than 2.5m people without work who in 1991 cost the state more than £800m in unemployment benefits alone.

Banks, insurance companies and building societies are sitting on massive balances of funds from the sale of council houses. The total is estimated at £60m.

Yet the Treasury will not permit more than 25 per cent of these balances to be spent. Why not?

Every local authority has a massive repair schedule it cannot meet. Potentially good housing stock is deteriorating. The effect on surrounding property is bad and probably leads to other drains on the public purse in terms of street crime and vandalism.

At the same time, many thousands of people are living in overcrowded conditions - particularly in London - in bed and breakfast accommodation costing many thousands of pounds a month. What other problems is the community storing up for itself in terms of disease and violence?

Architects, surveyors, builders and plumbers and electrical contractors would leap to respond to this challenge.

Can the politicians?

The author is president of the Lighting Industry Federation and managing director of Arrow Plastics.

If a housing repair and modernisation drive involving smaller companies as well as the big builders were launched, there would be an immediate stimulus to the construction industry. This would feed through to the rest of the economy without being inflationary.

The same sort of programme could be applied to schools. Too many of them are falling apart and cannot be upgraded for want of resources.

The lighting industry, which has a turnover of £600m and employs 17,000 people, believes the time has come to get a grip on this situation. It is, of course, an interested party. It wants to start moving sales too.

Merely to stand back and observe a continuing run-down will not do much for business, and may present the easy market opportunity for future imports.

The Lighting Industry Federation would like the government to match the funds held by the local authorities, and so give councils an incentive to move fast to seize a share of Whitehall "new money". A better partnership, long overdue, between central and local government might be established.

Everyone would like to see the back of the so-called cardboard cities which disfigure city centres. These too could be tackled by a more active building industry.

Blocks in inner cities that need refurbishment could be converted to single people's accommodation, to provide, say, maximum two-year tenancies before the occupant had to make his or her own arrangements. Much concrete, piping and timber, and many bricks, and, yes, light fittings, would soon be needed.

This activity would create jobs and, above all, homes, and could be begun very quickly.

Architects, surveyors, builders and plumbing and electrical contractors would leap to respond to this challenge.

Can the politicians?

The author is president of the Lighting Industry Federation and managing director of Arrow Plastics.

## Sterling has many defences

Nothing that has yet happened since the UK joined the exchange rate mechanism (ERM) in October 1990 casts any more light on whether it joined at the correct exchange rate or not. Those who argue that rate is too high are in effect saying that a lower average real wage is required to secure external and internal balance at a high level of employment, and that a nominal devaluation is more likely to bring this about than maintaining the pressure on pay settlements under the ERM.

The recent debate has not, however, been about this fundamental issue. The clamour to escape from the constraints of the ERM comes mostly

from people looking for a way of reducing British interest rates irrespective of what the Bundesbank does. Too many of them cherish the illusion that there is a compromise policy called a realignment (Euro-speak for devaluation), which would restore interest rate freedom to Britain while allowing it to remain in the system and thus avoid too much loss of face on Mr John Major's part.

What is astonishing is how modest the pressure on sterling has been despite the unceasing clamour in *The Times*, *Sunday Times*, *Evening Stan-*

dard and related organs, for a large interest rate cut at all costs, irrespective of the ERM. So far there has been little difficulty in maintaining sterling within the prescribed band.

If sterling did come under serious pressure, the first obvious line of defence would be to take advantage of the full 6 per cent band, and allow sterling to fall nearer the D-Mark floor. Such a move would increase the losses risked by speculators against the pound.

Second, if that is not enough, there

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## LETTERS

## Psychological testing is not resented

From Mr Andrew Roberts.

Sir, Alan, Mr Stuart's letter (January 13) in *The Times* (p. 10) to Timothy Clark's study ("Money spent on headhunters is 'wasted', January 7) is yet another snare and delusion. Of course, headhunters have a role, but so too do objective means of assessing a candidate's suitability or potential for a job.

Mr Stuart has fallen into the trap of misunderstanding the effects of random selection, or in his terms, "introduction". Headhunters will, simply by chance, identify a candidate who are high performers in their new role. As a result they are not subsequently transferred or fired. The key point here, however, is that chance has come into play. For, at the same time, headhunters can and do "introduce" executives who do not perform well. I wonder where his evidence comes from that this does not occur? Certainly my experience as an occupational psychologist is that I have often been asked by clients who wish to recover from a poor "introduction".

Mr Stuart rightly asserts that psychological assessment is "just one link in a chain", but then ruins his whole argument by adopting the elitist attitude that such assessment is only relevant to junior and middle management. Psychological assessment is not just about ability testing, although this is important even at the highest levels. A rigorous analysis of overall suitability is essential for all jobs, including board members. Why senior managers should feel "marginally" by demonstrating their skills and abilities is a mystery to me.

Finally, many companies which use psychological assessment alongside headhunters are more impressed by the hard evidence that has emerged from a plethora of research studies over the past 50 years than they are by the subjective data that Mr Stuart would have us take account from telephone conversations, references and anecdotes from former colleagues.

Andrew Roberts, managing director, Knight Chapman Psychological, 49 High Street, Leam, East Sussex BN2 2DD.

## Lloyd's report offers no solution to 'outsiders'

From Mr Clive S Cecil Gurney.

Once again we get exactly what we should have been expecting from a group headed by a Lloyd's "insider" - a clever set of suggestions as to how the "insiders" can go on obtaining enough "outsiders" to continue to rip them off in the future.

We could have hoped for a few more imaginative ideas from a team supported by McKinsey. The only radical ideas are in the suggestions which are presented as possible areas that Lloyd's may like to look at in the long term and which, therefore, never likely to be implemented.

I know of no other organisation in the world which asks Names to take such risk and in which the people who are meant to look after the interests of those who have provided from past market dishonesty would have contributed something to a fund to help present sufferers. I therefore put off my resignation pending the Rowland report. I sent it off today.

Clive Gurney, 41 Brompton Square, London SW3

## Need for revolution in attitudes towards teaching and research

From Ms Angela Crum Ewing.

Sir, In your editorial "Mass higher education" (January 13) you forecast that when the divide between polytechnics and universities has ended it will be replaced by a new divide, one between institutions engaged in teaching and research and those funded only for teaching. Of course, those that receive no government funding for research will still be able to seek such funding from other sources, just as all institutions do at present; and this new divide may in any case not be as clear-cut as you suggest, since there are likely to be divisions of this kind within institutions themselves. Nevertheless, if the revolution in higher education is to succeed there needs to be a corresponding revolution in attitudes towards teaching and research.

The Association of University Teachers has consistently pressed for greater recognition of teaching quality in universities.

Angela Crum Ewing, president, Association of University Teachers, United House, 1 Penbridge Road, London W11

## Explanation is needed

From Mr Alison Wolf.

Sir, Diane Summers argues that UK women find it far harder to follow careers than do their European counterparts because of a lack of public (tax-funded) childcare provision. ("The little things that mean a lot," January 13).

Could she please explain why, in that case, the UK has a higher rate of female participation in the labour force than any other EC country except Denmark?

Alison Wolf, Institute of Education, University of London

## Call for new type of pension

From Mr A H R Delens.

In Barry Riley's article on pensions (The Long View, January 11) there are several points which are not covered. To start with, pensioners are entitled to their pensions in the same way that insurance policy holders are entitled to their benefits under their policies. Anyone who has worked overseas and decided to maintain his DSS pension knows that he paid a premium, part of the NI contribution, specifically to cover his pension and nothing else.

Barry Riley talks about a "free gift from one generation to the previous one". What about the free gift of a national infrastructure from one generation to the next one? If people entering work had to pay for assets and services built up by preceding generations, there would be no pension funding problem.

Although the working population may decrease relative to the number of pensioners, productivity increases due to advancing technology should fill the gap. Nevertheless, it is high time there was a single national pension plan for all government controlled, but privately administered and funded, but completely out of the hands of employers.

A H R Delens, Clever, Berrick Salome, Wallingford, Oxfordshire

Angela Crum Ewing, president, Association of University Teachers, United House, 1 Penbridge Road, London W11

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## CONTRACTS &amp; TENDERS

## URUGUAY

Presidency of the Republic  
Office of Planning & Budgeting  
National Administration of Telecommunications (ANTEL)

## LEGAL ADVISORS

THE PRESIDENCY OF THE REPUBLIC AND ANTEL SEEK LEGAL EXPERTS TO ASSIST IN THE PROCESS OF FORMING A JOINT VENTURE WITH PRIVATE INVESTORS

As part of Uruguay's privatisation process, the Government has decided to form a joint venture between the Telecommunications Company (ANTEL) and private investors. The Presidency of the Republic and ANTEL are seeking legal experts to assist in this operation.

The Presidency of the Republic and ANTEL invite applications for this post. Applicants must possess proven experience in the privatisation of Telecommunications Companies.

For further details and an application form, please contact Jose L. Pulg, Office of Planning & Budgeting, Edificio Libertad, Havana 3050, Montevideo, Telephone (5982) 61-9525, Fax (5982) 23-9730, or in ANTEL, Casavola Novoa, Telephone (5982) 40-4051, Fax (5982) 48-6071, Casavola Novoa Telephone (5982) 48-3067.

Applications, which will be treated with the strictest confidence, should be returned not later than 10:00 am, February 4, 1992.

Price of application form: US\$ 1,500 (one thousand and five hundred U.S. Dollars)

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Office of Planning & Budgeting  
National Administration of Telecommunications (ANTEL)

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## LEGAL NOTICES

## CRI INSURED MORTGAGE ASSOCIATION, INC.

PLEASE TAKE NOTICE that a Supplemental Indenture to the Indenture dated 1989, filed as Exhibit A to the Registration Statement on May 1, 1990 of the Indenture dated as of November 28, 1989 between CRI Insured Mortgage Association, Inc., a Delaware corporation (the "Issuer") and First National Bank, as Trustee, which Supplemental Indenture amends the terms of the Indenture, will be filed with the Secretary of the State of New York on or about January 16, 1992.

JOHN MARTIN IRIDALE, Liquidator of the above-named Company on 6 January 1992 by the Members and Creditors.

Dated 10 January 1992

John Martin Iridale, Liquidator

CHALGROVE FURNITURE LIMITED

PLEASE TAKE NOTICE that a Supplemental Indenture to the Indenture dated 1989, filed as Exhibit A to the Registration Statement on May 1, 1990 of the Indenture dated as of November 28, 1989 between Chalgrove Furniture Limited, a Delaware corporation (the "Issuer") and First National Bank, as Trustee, which Supplemental Indenture amends the terms of the Indenture, will be filed with the Secretary of the State of New York on or about January 16, 1992.

JOHN MARTIN IRIDALE, Liquidator of the above-named Company on 6 January 1992 by the Members and Creditors.

Dated 10 January 1992

John Martin Iridale, Liquidator

ASHGROVE FURNITURE LIMITED

PLEASE TAKE NOTICE that a Supplemental Indenture to the Indenture dated 1989, filed as Exhibit A to the Registration Statement on May 1, 1990 of the Indenture dated as of November 28, 1989 between Ashgrove Furniture Limited, a Delaware corporation (the "Issuer") and First National Bank, as Trustee, which Supplemental Indenture amends the terms of the Indenture, will be filed with the Secretary of the State of New York on or about January 16, 1992.

JOHN MARTIN IRIDALE, Liquidator of the above-named Company on 6 January 1992 by the Members and Creditors.

Dated 10 January 1992

John Martin Iridale, Liquidator

ASHGROVE FURNITURE LIMITED

## WARRSGROVE REALISATIONS LIMITED

PLEASE TAKE NOTICE that a Supplemental Indenture to the Indenture dated 1989, filed as Exhibit A to the Registration Statement on May 1, 1990 of the Indenture dated as of November 28, 1989 between Warrsgrove Realisations Limited, a Delaware corporation (the "Issuer") and First National Bank, as Trustee, which Supplemental Indenture amends the terms of the Indenture, will be filed with the Secretary of the State of New York on or about January 16, 1992.

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# COMPANIES & MARKETS

Thursday January 16 1992

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## INSIDE

### Sales at Olivetti decline by 5%

**olivetti** The Italian computer and office equipment group, yesterday announced a 5 per cent fall in sales to £1,600m (£1.7bn) last year. No figures for profits were released. However, some analysts expect a loss of at least £200m for 1991. Elsewhere Olivetti's director for central operations, expressed confidence that measures now under way would restore profitability this year. Page 18

### Sugar spills to the floor



Traders around the world will be watching the raw sugar market closely tomorrow as the London market dishes its computer screen, brought in only 12 months ago, and returns to the floor. The move comes as the troubled London Futures and Options Exchange (Fox) embarks on a year of readjustment after its property futures debacle. Page 25

### US car groups announce record sales in W Europe

Ford and General Motors announced record turnover yesterday in western Europe for 1991. Sales, up 4 per cent for Ford and 1 per cent for GM, helped to offset the two companies' sharply deteriorating market performance and heavy losses in North America. Ford, second behind GM in North America, outperformed its rival in Europe, claiming 1.58m sales compared with GM's 1.55m. Page 18

### First Leisure rises 4%

First Leisure, the discotheque, 10-pin bowling and tourist attractions group, yesterday announced a 4 per cent rise in pre-tax profits to £30.4m after what it said was the most difficult year since it was set up in 1983. Lord Delfont (left), chairman, said the first half of the current year would be particularly difficult and would coincide with the planned closure of Blackpool Tower and several discotheques for redevelopment. Page 24

### Henkel sales rise 8%

Henkel, the German chemicals and consumer goods maker, boosted sales last year by about 8 per cent, but net profits are expected to show little change over the 1990 results, Mr. Helmut Stiller, chairman, said yesterday. Page 18

### Waterford buys Express Ireland

Waterford Foods, the Irish dairy and food group, has agreed in principle to buy Express Ireland, a dairy offshoot of Grand Metropolitan, the UK drinks, food and retailing group, for an estimated £100m. Page 25

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### Chief price changes yesterday

FRANCIFURY (USD)	March	74% - 2%
March	2245 + 58	74% - 2%
March	2005 + 127	87% - 2%
March	2403 + 133	PARIS (FFP)
March	1188 + 63	March
March	727 + 127	March
March	497 + 35	March
March	1938 + 67	March
March	74% + 2%	March
March	74% + 2%	March
March	1564 + 4%	March

New York prices at 12.30pm. Tokyo closed.

LOANING (Percent)	March	74% - 2%
March	244% + 2%	74% - 2%
March	22% + 12%	74% - 2%
March	212% + 2%	74% - 2%
March	170% + 4%	74% - 2%
March	27% + 11%	74% - 2%
March	40% + 2%	74% - 2%
March	24% + 10%	74% - 2%
March	24% + 10%	74% - 2%
March	24% + 10%	74% - 2%
March	24% + 10%	74% - 2%

## Porsche cuts dividend as profits fall 70%

By Andrew Fisher in Frankfurt

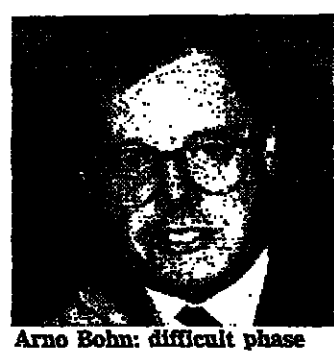
PORSCHE, the German sports car manufacturer, has cut its dividend after a steep slide in profits caused by recession-hit foreign markets and high provisions for job cuts. Group net income fell 70 per cent from DM57m to DM17m (£10.8m) in the year ended July 1991, and the dividend on the voting shares, owned by the Porsche and Pichler families, falls to DM9 from DM12 a share. The preference share dividend falls a similar amount to DM10 from DM13. Because of the provisions, Porsche finished the year with a worse-than-expected result. The company had earlier warned that net profits would emerge at around DM50m.

Mr Walter Gnauer, finance director, said the provisions totalled some DM50m, including the cost of shedding 550 non-production workers. The dollar's decline had reduced operating profits by DM50m, while model changes had held back production. Earnings per share were down to DM23 from DM48.

Mr Arno Bohn, chief executive,

said the weak state of some car markets meant last year's sales and profit levels would not be achieved this year. "This is a difficult phase for Porsche," he said. Unit sales would drop further from 26,200 to around 25,000 in 1991-92. This compares with 30,200 in 1989-90 and 50,000 in 1986-87, just before Porsche's sales and profits collapsed as a result of the weak US market. Last year, Porsche's performance in the US again deteriorated. Turnover there was 26 per cent lower compared with a 15

per cent decline in other foreign markets. In Germany, however, sales jumped 39 per cent. Group turnover eased 1 per cent to DM3.1bn, of which cars accounted for DM2.4bn. Mr Bohn said Porsche, which has been subject to intense takeover speculation, could absorb the sales decline. "Our aim is not just unit sales. Our main goal is to keep the company healthy and thus remain independent". He added: "The voting shareholders have said they neither plan, intend, nor have considered



Arno Bohn: difficult phase

## Exceptional Realism impresses more than magic

There are no sweeping solutions to Asda's problems, says Archie Norman, chief executive. John Thornhill reports

### Costs drag Asda into heavy loss

By John Thornhill

ASDA, the struggling grocery chain, yesterday reported an interim pre-tax loss of £68.5m (£10.7m) as it suffered from falling operating profits, a mounting interest bill and a string of exceptional charges. Pre-tax profits fell from £58.4m to £10.1m in the 28 weeks to November 9 but the company was dragged into heavy loss by exceptional costs of £78.5m relating to reorganisation charges and property write-downs.

The City of London had been braced following an earlier warning from the company. Mr Bill Myers, food retailing analyst at Henderson Crosthwaite, said: "In the circumstances it was about the best outcome we could have hoped for."

Asda's sales grew from £2.25bn to £2.3bn but operating profits fell from £107m to £74m in difficult trading conditions. Asda's grocery stores produced profits of £84m (£100.9m) on sales slightly ahead at £2.2bn. But losses from the Allied Maples furnishings business amounted to £13.2m (£2.3m) and the Gazeley property business saw profits fall to £2.2m (£3.3m). The interest charge rose to £63.7m (£44.4m).

The exceptional costs split as follows: the recent financial restructuring cost £11.1m; head office rationalisation, including the loss of 350 jobs, £9.6m; write-off of capitalised distribution start-up costs, £13.1m; and provisions against its development properties at Gazeley, £23.1m.

Asda accepted it had paid too much for the 60 supermarkets it bought from Gateway for £76m in 1988. Losses per share came to 5.7p against earnings of 2.5p the year before. An interim dividend of 1.25p was recommended against 1.85p last year. Lex, Page 16

Mr Archie Norman, who has been chief executive of Asda for less than a month, yesterday achieved the rare feat of impressing the stock market by saying almost nothing about the future of the troubled UK grocery group. "We are not coming in in a swashbuckling way and saying that we have the magic formula for Asda. What we have to do is look at the assets of the business and see whether there is potential for doing something better with them," he said.

Yet his comments - and the company's better-than-expected results - added 19 per cent to Asda's market value as its shares closed 54p higher at 344p.

Mr Norman's refusal to suggest sweeping solutions to Asda's deep-seated problems was appreciated by analysts, who said the approach smacked more of realism than reticence. "After all, he has probably not even got sensible answers to his questions yet," said Paul Smiley, food retailing analyst at Kleinwort Benson.

But analysts can see the outlines of Asda's immediate strategy. It can be summed up in Mr Norman's statement: "It is essential to make Asda's core business work."

Over the past few years, Asda's grocery chain has lost much of its appeal while its rivals' offerings have forged ahead.

The new management's immediate priority is to restore credibility with customers by improving Asda's pricing proposition, sharpening its product offering and improving the physical appearance of its stores portfolio.

Already the company has taken several initiatives on the price front. It froze the price of 30,000 items in the run-up to Christmas and has recently introduced a range of 200 low-priced products at its underperforming stores. Next week, Asda will launch an extra value promotion featuring hundreds of products at "substantial" reductions.

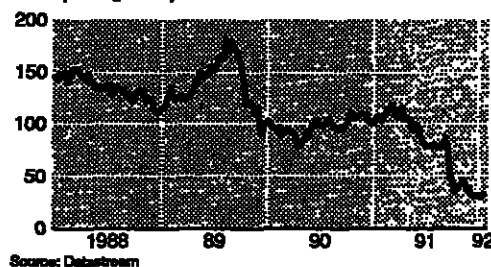
According to the company, such initiatives are already bear-



Task force: chairman, Patrick Gillam (left) with Archie Norman must restore Asda's credibility

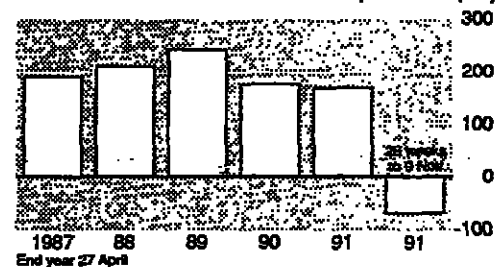
### Asda Group

Share price (pence)



Source: Datastream

Pre-tax profits/loss (£m)



End year 27 April

fruit market research studies show Asda to be offering more competitive prices than at any time since 1987.

The company's products will also be scrutinised. Asda's George range of clothing - produced by Mr George Davies of Next fame - has been doing "quite well" with clothing sales up 25 per cent. But home goods, which account for most of non-food sales, lack "authority" and tie up capital in slow-moving stock.

As well as the all-important task of winning back customer loyalty, Asda must exploit its market position and assets far more effectively.

The company runs 200 supermarkets with more than 8m sq ft of selling space. It has annual sales of £4bn (£7bn) with particularly strong market shares in Scotland and North England. At great expense, it has built eight composite distribution centres supplying more than 80 per cent of its food sales and has introduced

information technology systems at all its stores.

Yet as the company readily admitted: "This asset base is significantly underperforming against its profit potential."

Mr Norman, yesterday expressed dismay at the "loss" way Asda used its sales information. "I cannot tell you whether our canned vegetables are profitable or our toys. But the systems that we now have in place give us the opportunity to do that," he said. Such improvements are an

obvious priority. Asda accepts it has lost the "me-too" battle it fought with the industry leaders, Sainsbury's and Tesco. But it has yet to develop a viable formula for ensuring future prosperity.

"It is going to be a very exciting task but it clearly has a lot of risk attached to it," said Mr Norman.

One immediate problem is the poor performance of Asda's 48 older stores - some of them 25 years old - where sales slipped 6 per cent during the half year.

It remains an open question whether it is worth investing heavily in these outlets and some of the more hopeless stores will no doubt be swiftly closed. But the company may choose to use some of the space more creatively - perhaps adopting a different trading format as Gateway has done by launching its Food Giant discount stores at its loss-making superstore sites.

Intriguingly, Asda said new store formats and pricing strategies would be tested with the "expectation of roll-out from 1993 onwards".

But the company has little time to tackle these concerns. It is suffering from weak sales as a result of the recession while watching its competitors increase the competitive heat with big store-opening programmes.

In spite of its recent £357m rights issue, Asda is saddled with debts of £668m which it will find difficult to pay down simply from trading profits.

This raises the prospect of it selling Allied Maples, its furnishings business, or disposing of its 25 per cent stake in MFI, the furniture group. But the company cannot count on selling assets in the current climate and analysts suggest it may yet have to look for further finance.

Mr Norman yesterday seemed under few illusions about the gravity and urgency of the problems confronting him. "History does not matter to Asda any more. Survival does," he said.

## Shanghai exchange offers shares to foreign investors

By Simon Holberton in Hong Kong

THE development of a western-style capital market in China took a further step forward yesterday when the Shanghai Stock Exchange announced the first public offering to foreign investors of shares in a Chinese company.

The exchange said that 1m "B" shares in Shanghai Vacuum Electronics Company, a maker of core components for the Chinese television industry, will be offered to foreign investors on Monday and would be available for three days.

The shares, with a face value of ¥100 (US\$15), will be sold to foreigners for ¥420 each, to raise ¥420m, or \$78m. They will be listed on the Shanghai exchange for trading on February 20.

Shanghai Vacuum is the most

important company listed on the Shanghai exchange, representing 70 per cent of the exchange's total market capitalisation.

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Shanghai Vacuum is the most

## Waiting for a more pressing time

By Raymond Snoddy in London

FIVE sophisticated colour printing presses worth around £30m (£52.6m) are being stored in a disused coach terminus in Glasgow, Scotland - as a result of the collapse of the Maxwell publishing empire.

The Koenig & Bauer presses, capable of producing an 80-page newspaper with top quality colour, were destined for Mirror Group Newspaper's Scottish titles - the Scottish Daily Record and the Sunday Mail.

They were ordered in the days when the late Mr Robert Maxwell was still expanding and enthusiastically introducing the latest colour technology to his newspapers. Now they are stranded a couple of streets away from the Scottish Daily Record headquarters at Anderson's Quay under 24-hour security in a covered section of the

terminus where buses used to be repaired. The last of them arrived about five weeks ago. There seems little chance in the foreseeable future that MGN will be able to afford the more than £50m needed to build a new press hall and install the presses and associated machinery.

Meanwhile, the Daily Record and Sunday Mail, which had advertising and circulation revenues of £76m in 1990, has to pay leasing charges on the presses of more than £8m a year.

Three of the presses are the property of Barclays Bank and the other two belong to the Royal Bank of Scotland and have plates attached to prove it.

It seems likely that their future will not be determined until the future of Mirror Group Newspapers itself is decided when the administrator of the Maxwell private interests

manages to sell the 51 per cent of the company now effectively owned by the banks.

The five presses were ordered in the days when Robert Maxwell had grandiose visions of printing The European in Paris and becoming a leading contract printer in France. When that came to nothing the presses were then diverted to Anderson's Quay where the Record, the largest selling daily newspaper in Scotland, needed more modern equipment.

Work began 18-months ago driving piles into the banks of the River Clyde to strengthen the floor of the press hall. It stopped about a year ago as the Maxwell empire began to come under financial strain and has not been resumed even though the Daily Mirror now has crisper colour than the Daily Record.

Pension losses, Page 24



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## INTERNATIONAL COMPANIES AND FINANCE

## European sales offset GM, Ford losses in N America

By John Griffiths

FORD and General Motors yesterday announced record sales in western Europe last year, helping to offset their sharply deteriorating market performances and heavy losses in North America.

Ford, second behind GM in North America, outperformed its rival in Europe, claiming 1.58m sales, compared with GM's 1.565m.

GM's sales increased by 4 per cent, or 28,000 units, on 1990, and by 2 per cent on the previous record year of 1989.

GM sales set a record for the seventh year in succession, but

were up only 1 per cent - or 15,000 units.

With total west European car sales still being finished, the precise market shares of both companies have yet to be identified. Both, however, are expected to trail well behind the market-leading Volkswagen group.

Ford said its Fiesta model set its own sales and production records to become the best-selling model in its class. Both sales and output rose by 2 per cent, two 615,000 and 620,000 respectively.

Despite a poor reception for the latest Escort/Orion range

in the UK, sales throughout the region as a whole jumped by 24 per cent last year, to 630,000.

Sales of Ford's larger cars, Sierra and Scorpio, declined: Sierra by 0.4 per cent to 271,000 and Sierra by 0.2 per cent to 68,000.

In percentage terms at least, by far the biggest sales jump for Ford - from 1,200 to 7,200 - came in sales of US-produced cars, particularly its Probe coupe. Ford expects a boost from the Probe from 1992, when it is expected to be sold in right hand drive form as the Capri in the UK.

## Associated British Ports hit by provisions

By Andrew Bolger in London

ASSOCIATED British Ports Holdings, the UK's biggest ports group after privatisation in 1983, said that provisions on its property portfolio had wiped out the group's profits in the second half of last year.

The continuing deterioration of the British property market caused the group to review the portfolio of Grosvenor Square Properties, its wholly owned subsidiary, and make provisions against the cost of developments completed and in progress at the end of 1991.

ABP said these exceptional provisions were likely to absorb most, if not all, of the profits achieved within the group's other businesses during the second half of 1991, so full-year pre-tax profits were likely to be little different from the £31.7m (£86.74m) achieved in the first half.

The group said income from the group's port and transport business and from investment properties continued to be satisfactory, so directors expected they would be able to at least maintain the final dividend of 4.5p per share.

ABP's shares were 4p lower at 319p yesterday, having fallen more than 40p last week on speculation that there would be provisions and write-downs on property.

The group said it had organised a revaluation of the investment portfolio of Grosvenor Square Properties, comprising three shopping centres transferred from the development portfolio during 1990 and some other income-producing properties transferred from the development portfolio during the second half of last year. It expected this would lead to a write-down, charged to reserves.

The ports group inherited considerable property assets at the time of privatisation and extended further into property when it bought the USM-quoted Grosvenor Square Properties for £15m in 1987.

ABP said its balance sheet remained strong, with net borrowings at the year-end of £385m, a reduction of £68m since the previous year.

## Olivetti reveals difficulties with 5% decline in demand

By Haig Simonian in Milan

OLIVETTI, the loss-making Italian computers and office equipment group, yesterday gave an insight into its trading difficulties by announcing a decline in sales of around 5 per cent to 1.8,600m (\$7.17bn) for last year.

No figures for profits were released. However, some analysts expect the company to report a loss of at least £200m for 1991, compared with net earnings of £60.4bn in 1990.

At a press conference held to coincide with the group's move to a simplified operating structure, Mr Elisirio Pini, Olivetti's director for central operations, was confident that measures now under way would restore profitability this year.

The downturn has been particularly acute in Europe.

According to industry sources, European demand for computer hardware fell by 4.9 per cent in 1990-91 and would be static in 1991-92, while prices fell by 35 per cent to 40 per cent in 1990-91.

Mr Bruno Lamborghini, Olivetti's director of economic research, warned that oversupply, coupled with soft demand and the continuing shift to smaller but more powerful computers, meant further price cuts were inevitable this year.

However, the reductions were likely to be less severe than in 1990-91.

Olivetti intends to confront the crisis with a mixture of innovation, cost savings in the form of across-the-board labour cuts and further transfers of production from Europe to

cheaper manufacturing regions such as Singapore.

In stormy meetings with unions last week, the company called for a further 2,500 job cuts in Italy this year. Unspecified redundancies are also expected at the group's foreign operations, which employ around half its 47,000 workforce.

Olivetti hinted that cuts could hit its Triumph Adler subsidiary in Germany, which has already closed one plant in Frankfurt.

The decision to move production outside Europe would focus on lower-cost products, such as office equipment, in which Triumph Adler specialises.

Olivetti's presence in office equipment products would be "rationalised," it warned.

## Daiwa and Bankers Trust advise Rosneftegas

By Anthony Robinson, East Europe Editor

BANKERS Trust, the US merchant bank, and Daiwa Europe, the European arm of the Japanese investment banking house, have been appointed joint financial advisers to the Russian Oil and Gas Corporation (Rosneftegas).

They will assist in planning and implementing a comprehensive re-organisation of the industry into competing, vertically integrated oil companies open to foreign investment and technical assistance.

The corporation, which groups together the 47 main Russian oil production, exploration and related services enterprises, was responsible for about 90 per cent of the estimated 500m tons of oil produced in the former Soviet Union last year. It is essentially a reincarnation, under the guise of a joint stock company, of the former Ministry of Oil and Gas Industry which it replaced in October 1991.

The decision to involve leading US and Japanese bankers as advisers in the re-organisation of the ailing industry reflects the top priority given to raising the efficiency of the Russian oil and gas industry.

Production has declined by around 100m tonnes over the past three years. A report prepared for the Russian government by Moscow's Institute of World Economy and International Relations predicted this week that Russian oil output could fall to between 280m-300m tonnes by the mid-1990s from a 1988 peak of 665m tonnes. It blamed low investment, poor extraction techniques and maintenance, outdated equipment and poor management. At least 22,000 production wells are currently idle.

Bankers Trust is currently serving as financial adviser to the Tobolsk petrochemical project in western Siberia, the largest energy related investment project currently underway in Russia.

The choice of Daiwa partly reflects Moscow's desire to attract Japanese and other Asian investment in the development of energy and other resources.

## Adam Opel lifts turnover 15%

By Andrew Fisher in Frankfurt

ADAM OPEL, the German subsidiary of General Motors, raised turnover last year by 15 per cent to around DM27bn (\$17bn) and increased its sales in Germany by 28 per cent to 719,000 cars, Mr Louis Hughes, the chief executive, said.

He also warned that excessive pay rises this year could endanger jobs in Germany. "I am very worried about wage developments in Germany," he said. The IG Metall trade union this week set a 9.5 per cent ceiling for regional pay claims; last year's pay settlement in the engineering sector was 6.7 per cent.

Mr Hughes declined to give any indication of Opel's profits for last year, but said the result would again be one of

the best in the German motor industry. In 1990, net profits advanced by 18 per cent to DM1.8bn.

He said the jump in sales in 1991 occurred despite a 5 per cent fall in production caused by the replacement of the Kadett by the new Astra family model; the difference was made up by imports from other GM plants in Europe. This year, Mr Hughes expected the German new car market to decline after last year's surge in demand after unification.

"We expect a marked drop in the German market from 4.2m to around 3.5m units," he said. This would be a 17 per cent drop, but sales in 1992 would still equal the second best year in western Germany.



Louis Hughes: result would again be one of the best in the German motor industry

## Henkel expects profits to be flat

By Christopher Parkes in Bonn

HENKEL, the German chemicals and consumer goods maker, increased sales last year by about 8 per cent, but net profits are expected to be about the same as 1990's DM425m, Mr Helmut Sthier, chairman, said yesterday.

Confirming the purchase, announced in Stockholm last week, of the Barmingen household and personal products company from Sweden's Nobel Industrier, Mr Sthier said the acquisition had cost DM900m (\$569.6m). It had increased

turnover in cosmetics to 10 per cent of the group total.

Henkel had achieved "critical mass" in several European markets. "Cosmetics is now a very profitable business," Mr Sthier said, although a greater presence in Britain would be welcome.

Barmingen is best known in Britain for Aspro skin care products, in France for Le Chat, and in Germany for Vademecum toothpaste.

Household detergents and cleaning products, a Henkel

speciality accounting for 32 per cent of group sales, comprise 15 per cent of Barmingen's turnover. Personal products, including the Fa and Poly brand names, account for a further 76 per cent.

The deal includes between DM150m and DM200m of debt, Mr Sthier added. It would be funded from group reserves and borrowings.

Henkel expects sales in the current year to increase from DM12.9bn in 1991 to around DM14bn.

## Treuhand to rule on petrol bids

By Leslie Collitt in Berlin

THE TREUHAND agency's managing board is to choose today between rival bids for eastern Germany's lucrative petrol stations which had losses of DM350m last year.

The Treuhand is selling them as a package in order to find a buyer for the hard-to-sell refinery which is closely integrated with the Leuna chemical plant.

A Treuhand official said the Thyssen-led consortium appeared to have an advantage as it was offering more than DM50m in investments to build a new Leuna refinery and pipeline and to modernise the petrol stations. One of the agency's conditions was that the

obsolescent Leuna refinery contributed 50 per cent of the DM2.1bn turnover of Leuna chemical works which had losses of DM350m last year.

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A Treuhand official said the Thyssen-led consortium appeared to have an advantage as it was offering more than DM50m in investments to build a new Leuna refinery and pipeline and to modernise the petrol stations. One of the agency's conditions was that the

new owner must supply the chemical plant with advantageously-priced products.

BP, which entered the east German market soon after the collapse of the communist regime, had been confident that this had put it in a favourable position, an official said. However, BP did not obtain the subsidies it had counted on.

Both London and Paris lobbied strongly in Bonn. Minol's 1,300 petrol stations in eastern Germany have higher sales per pump than equivalent stations in the west and the company is expected to profit heavily from the sharp growth in car ownership.

## Neste to sell rest of battery stake

By Robert Taylor in Stockholm

NESTE, the Finnish state-owned oil and chemicals conglomerate, plans to sell for an undisclosed amount its remaining 50 per cent stake in its battery division to S E Del Accumulator Tudor (Grupo Tudor) of Spain, one of Europe's leading battery companies.

It was in March 1990 that Tudor bought the first half of

the battery division from Neste. In a statement, Tudor said its intention was to create a pan-Nordic subsidiary company with an annual SKr1bn (\$170m) turnover, specialising in the production of batteries for vehicles and industry as part of the group's European restructuring programme.

"The Neste battery division has made large losses and the

group needs a strong owner," said Mr Ulf Hogland, vice-president of the Tudor group. Efforts are being made to reduce the division's costs which Tudor says are too high in a very competitive market.

Since 1987, the Spanish company has cut its labour force in the Nordic region to 750 from 1,400 and rationalisation will continue.

# January 16, 1992

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## FINANCIAL TIMES CONFERENCES

# International Packaging and the Environment

London, 23 & 24 March 1992

The packaging industry is facing its greatest upheaval this century as the impact of environmental legislation begins to take effect. The materials used by packaging companies, how their goods are manufactured, distributed and disposed of, are becoming issues of major importance not only to environmental pressure groups but to legislators worldwide. There are concerns too that rigid packaging legislation could threaten the free flow of goods across borders.

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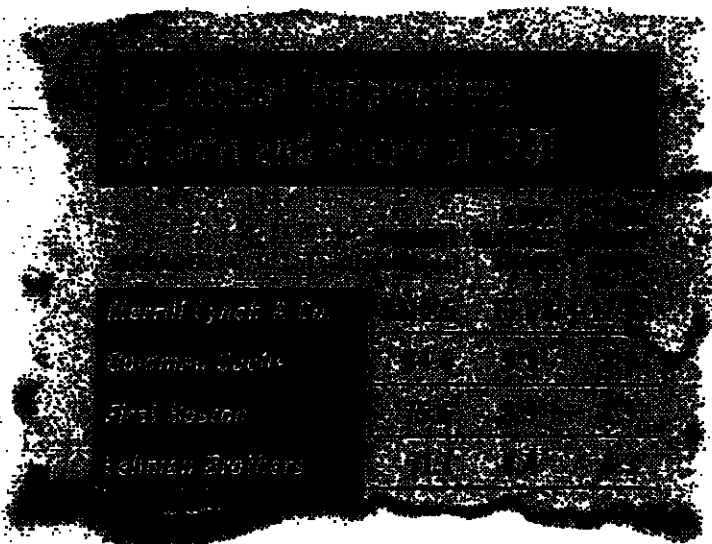
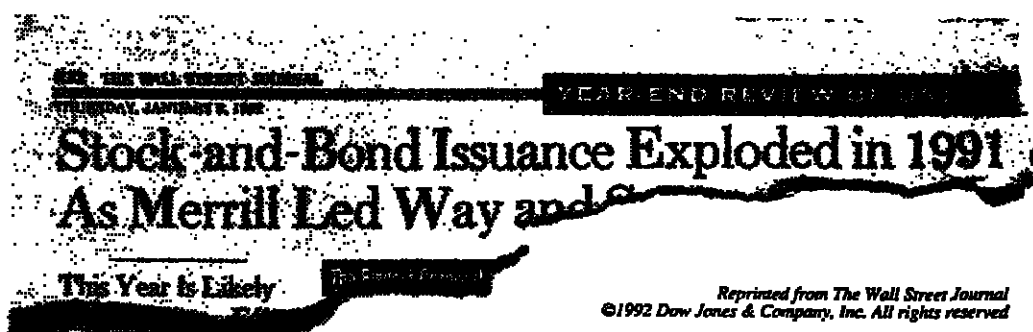
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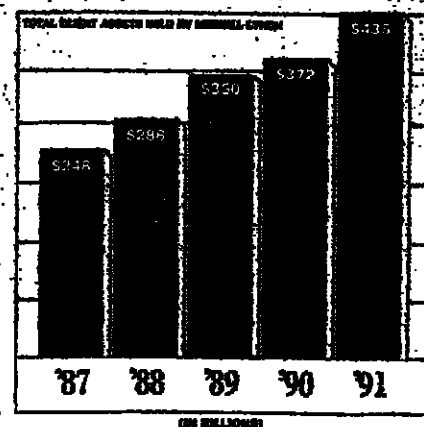
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## INTERNATIONAL COMPANIES AND FINANCE

## Bank of Boston's merger talks with Shawmut fail

By Alan Friedman in New York

TALKS on a merger between Bank of Boston and Shawmut National Bank that would have created the largest bank in New England, collapsed yesterday after Shawmut found the terms of the planned merger unacceptable.

Shawmut said the reason it had terminated discussions was the extent of its financial recovery.

Mr Joel Alford, chairman of the Connecticut-based Shawmut, said an improvement in earnings, asset quality, loan-loss coverage and capital ratios had persuaded the bank that its best interests would not be served by the merger.

Mr Alford said Shawmut would next week report fourth-quarter results showing the improved performance.

Mr Ira Stepanian, chairman of Bank of Boston, said he also

expected improved fourth-quarter results. He said that after an independent review of the due diligence study of the merger the terms for the proposed deal were found to be unacceptable to Shawmut.

Both Shawmut and Bank of Boston have been hard hit by the real estate crisis in New England and both suffered heavy losses in the first six months of 1991, of \$175.4m (Shawmut) and \$188m (Boston). Both banks achieved a small profit in the third quarter; Shawmut earned \$2.3m and Bank of Boston \$1.8m.

Last October, Shawmut entered into an agreement with the Federal Reserve Bank of Boston that required Fed approval for the payment of dividends and other decisions. At the time, the merger talks appeared to be on track.

Analysts have said Shawmut

and Bank of Boston were having difficulties assuring bank regulators they would be able to raise an estimated \$600m in fresh capital in conjunction with the merger.

Wall Street nonetheless seemed cheered that the merger was off. Bank of Boston's stock price rose by 1/4 to \$14 yesterday morning, while Shawmut's price jumped by 1 1/4 to \$11.

© Fleet/Norstar, the Rhode Island-based bank that joined forces last year to acquire the failed Bank of New England (BNE), yesterday reported fourth-quarter net income of \$35m, compared with a loss of \$30m a year ago.

The bank earned \$9m for the whole of 1991, following \$73m of after-tax charges related to the BNE acquisition and \$321m of loan loss reserves.

## Motorola improves to \$126m in last quarter

By Louise Kehoe in San Francisco

MOTOROLA, the leading US electronics and semiconductor manufacturer, reported improved fourth-quarter results, buoyed by the performance of its semiconductor, cellular telephone and paging businesses.

Fourth-quarter income rose to \$126m, or 96 cents a share, from \$105m, or 82 cents, in the fourth quarter of 1990. Sales for the quarter rose 4 per cent to \$3.04bn from \$2.93bn in the same period last year.

Fourth-quarter results reflected "significant economies in the US and Europe", said Mr George Fisher, chairman and chief executive.

"This impact should continue to be felt in the first half of 1992 with the potential for modest economic growth in the second half."

Sales for the full year increased 4 per cent to \$11.34bn, from \$10.93bn in 1990. However, earnings declined to \$454m, or \$3.44 per share, from \$499m, or \$3.80, in the previous year.

Motorola said sales of its communications products rose 2 per cent in 1991, against the previous year, while semiconductor products sales rose 7 per cent.

However, the company's computer sales fell 2 per cent and the information products group recorded increased operating losses for the year. The company also recorded losses due to investments in a proposed global communications system called Iridium.

Military and government sales fell 8 per cent, in spite of a significant contract for secure telecommunications equipment from Saudi Arabia. The automotive and industrial electronics group reported an 8 per cent increase in sales.

## Airlines rally amid AMR optimism

By Nikki Tait in New York

AMERICAN Airlines, one of the largest US carriers, yesterday sparked a rally in US airline stocks when its parent company, AMR, accompanied news of a \$238.5m net loss in 1991 with suggestions that ticket prices were finally firming.

The carrier, which traditionally kicks off the US industry's reporting season, had already warned that it would probably make losses in both the fourth quarter and 1991 overall, and analysts' expectations had been pitched accordingly.

In the event, AMR's after-tax deficit for the final three months totalled \$124.9m, or \$1.83 a share.

This figure, however, included an aggregate \$58.6m charge for the writedown in

value of some Boeing 737 and 747SP jets, which are to be retired soon, plus some commuter aircraft.

At the operating level, AMR showed a much smaller fourth-quarter loss of \$41.4m, and a profit of just \$3m for the year.

Operating revenues were \$3.4bn in the final three months and \$12.9bn for the year.

Comparisons with the previous year are heavily distorted by the impact of the Gulf war and the associated fuel price hike.

This savings airline profits in late-1990, and AMR itself made a fourth-quarter operating loss of \$945.1m.

In 1989 and 1988, by contrast, the company turned in operating profits of \$70m and

\$180.4m respectively in the final three-month period.

Mr Bob Crandall, AMR chairman and one of the most gloomy voices in the industry over the past 18 months, made no apologies for the 1991 figures.

Mr Crandall described the figures as "terrible", adding that "the best thing you can say about last year is that it's over".

But he sounded a much more optimistic note about current trends.

"In recent weeks, we have been encouraged by the downward trend in fuel prices and by some modest indications that some semblance of rationality may be returning to the airline pricing environment," he said.

Many of the US airline

industry's problems have stemmed from cut-throat discounting in the domestic market, with financial

carriers proving particularly aggressive.

During 1991, however, three sizeable carriers ceased operations and, although some bankrupt or defaulting airlines remain in business, industry observers have noted some firming of domestic prices recently.

On Wall Street, AMR's own shares rallied by \$2 1/4 to \$7 1/4 at midday.

Its biggest competitors, United Airlines and Delta, gained 1/4 and 3/4 to \$157 and \$78 1/2 respectively. USAir, which has been heavily loss-making and is listed towards the east coast, gained \$1 1/4 to \$16 1/4.

## CrossLand ruling expected soon

By Alan Friedman in New York

US BANK regulators are expected to decide shortly on the late of CrossLand Savings, the loss-making New York savings and loan that has been for sale since signing a consent order with the Federal Deposit Insurance Corporation (FDIC) and Office of Thrift Supervision (OTS) last July.

The leading bidders for the 49-branch CrossLand are Chase Manhattan and Republic National Bank of New York.

Republic, which is 30 per cent owned by Mr Edmond Safra, the Swiss-based Lebanese banker, yesterday officially confirmed for the first time that it had submitted a bid for CrossLand's New York retail deposits to the FDIC.

CrossLand, an aggressive real estate lender in the New

York area during the late 1980s, suffered losses of \$308m in the first nine months of 1991, and its asset bank was lowered from \$11.7m to \$3.2m.

Some \$1.5bn of CrossLand's assets are non-performing.

Whether Chase or Republic are awarded CrossLand, the cost to the US government of salvaging the bank is expected to be at least \$1bn, and possibly as high as \$2bn.

Republic, meanwhile, yesterday said its net income for the fourth quarter of 1991 rose by 17.7 per cent to \$58.2m. For the whole of 1991, Republic's net profit was 13 per cent higher at \$227.4m.

Republic's net interest income in 1991 totalled \$681.2m, compared with \$457.3m in 1990, while loan-loss provisions were a low \$62m

last year. Non-performing assets rose only slightly year-on-year, from \$164m to \$173.9m.

The bank has an unusually low lending profile, and its deposits are divided among private banking (38 per cent), retail (37.5 per cent), and institutional funds (24.5 per cent).

Republic's share price was unchanged yesterday at \$47 1/4 at midday trading.

© Bank of New York yesterday reported \$66m fourth-quarter net income, a slight improvement over the \$65m earned a year ago. But a heavy loan loss provision taken in the first quarter of last year resulted in a 60.4 per cent slump in full-year 1991 net income, to \$128m, down from \$306m in 1990.

## Charges push Alcoa into \$191m loss

By Barbara Durr in Chicago

ALCOA, the world's largest producer of aluminium, suffered a sharp fall in fourth-quarter earnings as a result of heavy charges, amounting to \$217m, relating to environmental clean-ups and restructuring costs.

Before the charges, fourth-quarter earnings were \$25.6m, or 30 cents a share, compared with \$134.6m, or \$1.58, for the 1990 quarter.

After the charges, Alcoa posted a loss of \$191.4m, or \$2.26, in the final quarter of 1991, against a loss of \$140.4m,

or \$1.61, for the year-ago period.

The company had warned it would take the charges earlier this month.

They are primarily related to cleaning up seven operating plants around the globe, though the costliest is for its smelting and fabricating plant in Massena, New York.

With prices having dropped for virtually all aluminium products last year, the company reported that before the charges, its 1991 net income was \$278.7m, or \$3.27 a

share, compared with \$570.2m, or \$6.59, in 1990.

Once the charges were taken, the 1991 net income shrank to \$62.7m, or 71 cents, compared with \$296.2m, or \$3.40, in 1990.

For the fourth quarter, Alcoa's revenues were \$2.4bn, down from \$2.7bn in the year-ago period, while revenues for all of 1991 slipped to \$10bn, down from \$10.9bn in 1990.

Shipments increased last year to 2.5m metric tons from 2.7m in 1990.

## Intl Paper registers 33% drop in earnings

By Martin Dickson

INTERNATIONAL Paper, the large US forest products group, announced a 33 per cent drop in fourth-quarter earnings, once special charges are stripped out of the figures.

The company blamed this mainly on the sluggishness of the US economy and said it expected difficult business conditions to continue early this year.

Fourth-quarter earnings totalled \$66m, or 59 cents a share, including a \$4m after-tax special charge for an accounting change and a \$37m one for severance costs. In the fourth quarter of 1990, earnings totalled \$99m, or 90 cents a share, after a \$137m charge for a business improvement plan.

Without the special charges, 1991 fourth-quarter earnings totalled \$107m, compared with \$159m the previous year.

Mr John Georges, chairman, said that sales and earnings in the fourth quarter "about equalled second and third-quarter levels as the domestic economy remained stagnant".

Full-year earnings totalled \$184m, or \$1.96 a share, against \$251m of special charges, compared with \$599m, or \$5.91 a share, in 1990 after \$137m of special charges.

Sales dipped 2 per cent to \$12.7bn.

Mr Georges said the company's packaging and distribution business reported stable quarter-to-quarter earnings.

Timber and wood products businesses had higher earnings while domestic linerboard benefited from increased demand and prices.

## Telecom groups to invest \$150m in Ukraine deal

By Ronald van de Krol in Amsterdam

AMERICAN Telephone & Telegraph (AT&T) and its two partners in a new Ukraine joint venture set up earlier this week plan to invest a total of \$150m over the next few years in establishing and operating a telecommunications network in the former Soviet republic.

AT&T and PTT Telecom, the Dutch telecommunications authority, are to lead the majority partners in the venture, the Ukraine state committee of communications, the capital it needs to take part.

The two western companies will then be repaid out of the revenue generated by the telecommunications system, which encompasses both a new international network and a long-distance domestic

network which will link 18 of Ukraine's 25 telephone networks.

The Ukraine state committee will own 51 per cent of the joint venture, AT&T will hold 39 per cent and PTT Telecom 10 per cent.

The venture is the first time that either AT&T or PTT Telecom has owned and operated part of a telephone network outside their own countries.

Mr Sam Williamson, AT&T's international group executive, said each of the former republics of the Soviet Union was now confronting decisions on how to set up modern communications as independent states.

"Some appear to be interested in arrangements like this, others are not," he said.

Until now, Ukraine's international telephone traffic and that of the other former republics have largely been routed through Moscow.

The Ukraine agreement, which was signed on Tuesday in Kiev, will continue for 15 years, with an option on a five-year renewal.

AT&T's portion of the investment will take the form of 13 digital switching stations which will be used to connect half of Ukraine's telephone districts.

Mr Ben Verwaayen, president of PTT Telecom, said that his company expected to break even on its investment after four to five years and then reap a profit over the rest of the life of the contract.

Besides helping to create

new international and long-distance networks, AT&T and PTT Telecom will also assist Ukraine in drawing up a short-term proposal for nearly doubling the number of telephone lines in the country from 7m to 15m.

It is estimated that the additional 8m lines will require an investment of roughly \$12bn (\$1.1bn).

By the year 2000, a further expansion to 22m lines is envisaged.

Although AT&T and PTT Telecom are not guaranteed a role in any future projects, their participation in Ukraine's first steps towards creating a modern telecommunications infrastructure is expected to provide them with an advantage over other western competitors.

## Gengold profits decline sharply

By Philip Gawith in Johannesburg

GENGOLD, the gold arm of the Gencor group, saw attributable profits drop sharply in the December quarter as a result of a weaker gold price and higher capital expenditure.

Profits after tax and capital expenditure dropped by 56 per cent to \$22.4m (US\$3m) from \$51m in the September quarter. The December figure is, however, in line with profits earned in the March and June quarters.

Mr Gary Maude, managing director, said the figures disguised positive trends which augured well for the rest of the year.

The main cause of the lower profits was an \$18m increase in capital expenditure to \$52.3m compared to the previous quarter. Future capital expenditure will be lower.

Profits were also hit by the lower average gold price received by the 11 mines in the group. At \$29.578 per kg, it was 2.4 per cent lower than the \$30.385 price of the previous quarter. Total gold produced during the quarter rose by 1.5 per cent to 18,114kg, at an average grade of 5.1 grams/tonne.

Total working costs rose by 3 per cent to \$269.5m, but Mr Maude said this reflected the build up for increased production, particularly at Winkelhaak and Unisel.

Both mines have started increasing production and will continue to do so throughout the year. They have recruited extra labour, following a long period of retrenchments.

Of the five large mines in the group, St Helena and Buffelsfontein did well to produce

more gold and decrease unit costs; Kinross and Beatrix had steady quarters while gold output increased at Winkelhaak.

Of the marginal mines, Grootevlei, a mine threatened with closure a year ago, continues to improve its performance, while Mr Maude said West Rand Cons was battling to stay afloat.

Commenting on Gengold's recently introduced hedging operations, Mr Maude said they were increasingly using the options rather than the futures market.

He said they felt this was a much more responsible method of hedging because it did not involve putting more physical product on to the market and hence reduced the prospect of depressing the bullion spot price.

## Boise Cascade \$15.8m in red on poor pulp prices

By Martin Dickson in New York

BOISE CASCADE, the US forest products group, yesterday reported a fourth-quarter loss of \$15.8m, compared with net income of \$4.8m in the same period of 1990.

The company was hit by depressed prices in its key pulp and paper businesses.

Boise's net loss worked through at 51 cents a share, against profits of 4 cents in the fourth quarter of 1990.

Results for the latest period included a gain of 61 cents a share from the sale of its interest in a European corrugated container joint venture.

Sales totalled \$963m, down from \$1bn a year ago.

The company said the fourth quarter was modestly stronger than the third, and cited four main factors for the weak performance.

One was adverse market

conditions, which had driven down prices for all of the company's grades of pulp and paper over the year.

Another was high costs of wood in the Pacific north-west, where environmental pressures to save a species of owl have led to constraints on timber supplies.

Costs had increased for wood chips to the company's pulp and paper mills and for delivered logs to its wood products operations.

Other factors were high interest and depreciation charges in connection with a \$2.2bn investment programme and squeezed profit margins in office products distribution.

For the full year, the group reported a net loss of \$78.5m, or \$0.48 a share, compared with a profit of \$78.3m, or \$1.62, in 1990.

## Strong drug sales help AHP to advance 14%

By Karen Zagor in New York

AMERICAN Home Products, the US pharmaceutical company, yesterday turned in a 14 per cent gain in fourth-quarter net earnings on the back of strong sales of several drugs for women.

For the three months to end-December, the company earned \$372.6m, or \$1.15 a share, against \$328.2m, or \$1.04, a year earlier. Last year's earnings included a large one-time gain which lifted net income by about \$55m in the quarter.

Sales in the 1991 fourth-quarter rose 13 per cent to \$1.22bn from \$1.07bn.

For the full year, net income grew 14 per cent to \$1.38bn, or \$4.36 a share, from \$1.23bn, or \$3.92, in 1990. Sales advanced by 11 per cent to \$7.08bn from \$6.37bn.

Non-recurring items in 1990 added about \$10m to Ameri-

can Home Products net income last year.

Although the results were in-line with analysts' expectations, its shares eased 1 1/4 to \$79 1/4 at midday yesterday.

The company surprised Wall Street in the third quarter with exceptionally strong earnings, but it continues to lag behind the leading pharmaceutical companies, such as Merck.

Its pre-tax income increased 12 per cent in the fourth quarter. For the full year, earnings before taxes fell 4 per cent, reflecting several one-time items.

Excluding extraordinary items, pre-tax income rose 18 per cent in 1991.

Sales are increasingly driven by its pharmaceuticals business, and in 1991 pharmaceutical sales rose 16 per cent to \$4.02bn.

## NOTICE OF REDEMPTION

## MORTGAGE INTERMEDIARY NOTE ISSUER (No. 1) AMSTERDAM B.V.

## \$50,000,000 Mortgage Backed Floating Rate Notes 2010

NOTICE IS HEREBY GIVEN by Bank of America National Trust and Savings Association as Principal Paying Agent to the holders of the above Notes that, pursuant to the Trust Deed dated 5th February, 1985 under which the said Notes were constituted, outstanding Notes in aggregate principal amount of \$250,000 have been selected for redemption on 17th February, 1992 at their principal amount of \$25,000 bearing the following serial numbers:

214	1024	1126	1277	1493
884	1059	1190	1451	1675

Notes bearing these serial numbers should be surrendered to (i) Bank of America National Trust and Savings Association, 1 Alle Street, London E1 8DE or at the option of the holder (ii) to the offices of Bank of America National Trust and Savings Association in Antwerp, Zurich or Banque Internationale A Luxembourg as specified thereon.

After 17th February, 1992 any unattached Coupons relating to such Notes (whether or not attached thereto) shall become void and no payment shall be made in respect of and no claim shall be exchanged for such Coupons. Notes outstanding after 17th February, 1992 will aggregate to \$2,100,000.

Dated: 16th January, 1992.

Bank of America

Bank of America NT&amp;SA

## Cragnotti group acquires loss-making food concern

By Haig Simonian in Milan

CRAGNOTTI & Partners Capital Investment (C&P), the investment group formed by Mr Sergio Cragnotti, which includes several leading Italian banks among its shareholders, yesterday sealed its purchase of Fedital, the loss-making Italian foods group.

The acquisition, which followed a three-round auction last month, marks a double first.

Firstly, it represents C&P's first European acquisition as part of its plans to assemble a portfolio of businesses in the food industry. The food sector is one of the three areas, alongside packaging, and detergents, identified by Mr Cragnotti as ripe for investment.

Since its formation last year, C&P has spent heavily to buy companies in both other areas. However, purchases in the food sector have so far been limited to CICA, a large, privately-owned Brazilian frozen foods group.

The sale of Fedital also

marks the first large asset disposal by the special commissioners and court supervising the affairs of Federconsorzi, the bankrupt Italian farm services group.

Fedital, which has a sizeable market share for long-life milk in northern Italy, specialises in dairy and cheese products.

In spite of its established Polenghi Lombardo trademark, other bidders for the company are believed to have been dissuaded by the considerable uncertainty surrounding the group's accounts.

Under the sale agreement to C&P, the L55bn (\$46.3m) offer price can be cut by L10bn subject to the findings of an audit now under way.

Mr Cragnotti, who used to run the Enimont chemicals joint venture, said C&P would recapitalise the group and seek agreement with unions on substantial job cuts.

C&P remained interested in other purchases in the food sector, notably in the event of disposals by the state-owned IRI holding company.

## Turnround at marginal mine lifts Anglovaal

A TURNROUND in the performance of the marginal Loraine mine allowed the four gold mines in the Anglovaal group to increase net profits by 14 per cent to \$41.6m (US\$14.9m) in the December quarter, writes Philip Gawith.

Last year, management announced that a return to profitability following an \$18.5m loss in the year to September meant Loraine should be able to stay open for at least a further year.

The mine made a \$2.8m profit in the December quarter, against a \$2.6m loss the previous quarter, after a rationalisation of the mine's operations.

However, the mine has to secure satisfactory hedging prices for at least half its production. The gold price has declined to \$31.00/kg, compared with \$32.70/kg when the announcement was made.

Hartebeestfontein, which produces more than 80 per cent of the group's profits from gold, had a steady quarter, with profit after taxation of \$34.4m, virtually unchanged from the previous quarter.

## Notice of Redemption



## Mortgage Funding Corporation No. 4 PLC

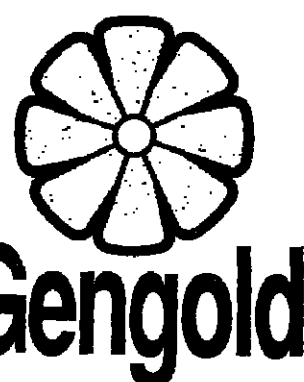
(Incorporated in England and Wales with limited liability under registered number 2133465)

## \$100,000,000 Class A1 Mortgage Backed Floating Rate Notes

Due 2035

NOTICE IS HEREBY GIVEN to the holders of the Class A1 Notes that the issuer has determined in accordance with the Redemption provisions set out in the Terms and Conditions, the Class A1 Notes in the amount of £10,000,000 will be redeemed on the next Interest Payment Date, 31st January, 1992





## GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31 DECEMBER 1991

All companies mentioned are incorporated in the Republic of South Africa

## Dividends

- Buffelsfontein 90 cents per share
- Grootvlei 25 cents per stock unit
- St Helena 150 cents per share
- West Rand Cons. 20 cents per share
- Stilfontein passes its final dividend.

The GROOTVLEI  
Proprietary Mines Limited

Company Registration No. 01/02030/08

## State assistance for pumping water

Issued capital - 11 439 816 stock units of 25 cents each.

	Quarter ended 31.12.1991	Quarter ended 30.9.1991	Year ended 31.12.1991
<b>OPERATING RESULTS</b>			
Mined	28 297	28 297	84 891
One milled	120 000	118 000	358 000
Yield	5.1	5.2	5.1
Gold produced	1 439	1 439	4 317
Working revenue	32 650	33 610	99 870
Working costs	14 507	14 507	43 521
Working income	18 143	19 103	56 349
Gold price received	22 554	22 554	67 662

<b>FINANCIAL RESULTS (R'000)</b>			
Working revenue	20 081	20 502	61 083
Working costs	11 075	11 075	33 225
Working income	9 006	9 427	27 858
Sundry income - net	2 217	2 217	6 654
Income before taxation and State's share of income	11 223	11 644	34 512
Taxation and State's share of income	4 388	4 388	13 000
Income after taxation and State's share of income	6 835	7 256	21 512
Capital expenditure	5 177	5 177	15 531
Dividend declared	2 880	2 880	8 640

<b>DEVELOPMENT</b>			
Advanced	368	368	1 104
Advanced on reef	191	191	573
Sampled	178	178	545
Channel width	109	109	327
Average value - gold	22.2	22.2	66.6
Average value - gold	2.414	2.414	7.242

**REMARKS**

- Estimated capital expenditure for the next six months - R5.0 million.
- Final dividend No. 108 of 25 cents per stock unit was declared.
- In a letter dated 27 December 1991, the Minister of Mineral and Energy Affairs confirmed that State assistance not exceeding R5.0 million will be granted in the 1992/93 fiscal year to defray the operating costs of pumping extensive water. Capital expenditure in the amount of R4.3 million for the initial installation of pumping facilities.
- Hedging profits of R160 000 from the forward sale of 2 388 oz of gold are included in working revenue. Contracts for 7 401 oz are still outstanding at an average price of R113 per oz.

STILFONTEIN  
Gold Mining Company Limited

Company Registration No. 05/02412/08

## Closure according to plan

Issued capital - 12 082 820 shares of 50 cents each.

	Quarter ended 31.12.1991	Quarter ended 30.9.1991	Year ended 31.12.1991
<b>OPERATING RESULTS</b>			
Mined	14 254	11 709	36 963
One milled	120 000	118 000	358 000
Yield	5.2	5.2	5.2
Gold produced	1 439	1 439	4 317
Working revenue	32 650	33 610	99 870
Working costs	14 507	14 507	43 521
Working income	18 143	19 103	56 349
Gold price received	22 554	22 554	67 662

<b>FINANCIAL RESULTS (R'000)</b>			
Working revenue	27 220	28 204	83 624
Working costs	12 239	12 239	36 717
Working income	14 981	15 965	46 907
Sundry income - net	4 265	4 265	12 795
Income before taxation and State's share of income	19 246	20 230	59 702
Taxation and State's share of income	7 471	7 471	22 413
Income after taxation and State's share of income	11 775	12 759	37 289
Capital expenditure	2 358	2 358	7 074

<b>DEVELOPMENT</b>			
Advanced	30	30	90
Advanced on reef	12	12	36
Sampled	18	18	54
Channel width	10	10	30
Average value - gold	24.0	24.0	72.0
Average value - gold	2.400	2.400	7.200

**REMARKS**

- Estimated capital expenditure for the next six months - Nil.
- Underground mining operations will cease during the following quarter.
- Mr. Roodi has been declared.
- Hedging profits of R157 000 from the forward sale of 2 008 oz of gold are included in working revenue. Contracts for 10 286 oz are still outstanding at an average price of R113 per oz.

BUFFELSFONTEIN  
Gold Mining Company Limited

Company Registration No. 05/03040/08

## Cost per kilogram contained

Issued capital - 11 000 000 ordinary shares of R1 each.

	Quarter ended 31.12.1991	Quarter ended 30.9.1991	Year ended 31.12.1991
<b>OPERATING RESULTS</b>			
Mined	100 000	112 000	312 000
One milled	120 000	118 000	358 000
Yield	5.0	5.0	5.0
Gold produced	1 439	1 439	4 317
Working revenue	32 650	33 610	99 870
Working costs	14 507	14 507	43 521
Working income	18 143	19 103	56 349
Gold price received	22 554	22 554	67 662

<b>FINANCIAL RESULTS (R'000)</b>			
Working revenue	29 970	30 000	89 970
Working costs	14 507	14 507	43 521
Working income	15 463	15 493	46 449
Sundry income - net	7 080	7 080	21 240
Income before taxation and State's share of income	22 543	22 573	67 689
Taxation and State's share of income	8 814	8 814	26 442
Income after taxation and State's share of income	13 729	13 759	41 247
Capital expenditure	5 373	5 373	16 114

<b>DEVELOPMENT - Main Reef &amp; "C" Reef</b>			
Advanced	5 778	5 778	17 334
Advanced on reef	294	294	882
Sampled	326	326	978
Channel width	87	87	261
Average value - gold	16.8	16.8	50.4
Average value - gold	1.680	1.680	5.040

**REMARKS**

- Estimated capital expenditure for the next six months - R5.3 million.
- Production levels are planned to increase throughout 1992. The working costs reflect the preparation for this build-up.
- Included in the previous quarter's capital expenditure was a recapitalisation of R5.0 million in respect of the cumulative preference shares have been declared.
- Hedging profits of R467 000 from the forward sale of 10 827 oz of gold are included in working revenue. Contracts for 27 384 oz are still outstanding at an average price of R113 per oz.

## Beatrix mine

(A division of Buffelsfontein Gold Mining Company Limited)

## Poor development values

In terms of an agreement, 10 percent of the distributable income from the Beatrix mine is attributable to Buffelsfontein and 90 percent to Beatrix Mines Limited.

	Quarter ended 31.12.1991	Quarter ended 30.9.1991	6 months ended 31.12.1991
<b>OPERATING RESULTS</b>			
Mined	114 027	113 961	227 988
One milled	120 000	118 000	358 000
Yield	5.0	5.0	5.0
Gold produced	1 439	1 439	4 317
Working revenue	32 650	33 610	99 870
Working costs	14 507	14 507	43 521
Working income	18 143	19 103	56 349
Gold price received	22 554	22 554	67 662

<b>FINANCIAL RESULTS (R'000)</b>			
Working revenue	100 078	104 409	204 487
Working costs	50 034	50 034	150 102
Working income	50 044	54 375	110 385
Sundry income - net	2 200	2 228	4 428
Income before taxation and State's share of income	52 244	56 603	114 813
Taxation and State's share of income	18 852	19 228	38 080
Income after taxation and State's share of income	33 392	37 375	76 733
Capital expenditure	2 025	2 025	6 075

<b>DEVELOPMENT - Beatrix Reef</b>			
Advanced	1 237	1 237	3 711
Advanced on reef	254	254	762
Sampled	240	240	720
Channel width	50	50	150
Average value - gold	12.8	12.8	38.4

**REMARKS**

- Estimated capital expenditure for the next six months - R5.0 million.
- Development work from No. 7 Shaft is progressing at an area of known low value to explore the ground around boreholes numbered 1305, 2156 and 2178 with values of 3 365, 1 132 and 1 168 centimetre grams per ton respectively.
- Hedging profits of R655 000 from the forward sale of 10 873 oz of gold are included in working revenue. Contracts for 27 311 oz are still outstanding at an average price of R113 per oz.
- The attention of shareholders is drawn to the quarterly report of Beatrix Mines Limited, which appears elsewhere in this edition.

WELTEVREDEN  
Mines Limited

Company Registration No. 70/1487/08

## Development continues

Issued capital - 5 000 000 shares of 1 cent each.

**PROJECT PROGRESS**

- Sinking of the twin declines advanced to a distance of 1 250 metres from the surface portal.
- Development on the 1st level is continuing.
- Capital expenditure to date amounts to R9.9 million.

WEST RAND  
Consolidated Mines Limited

Company Registration No. 01/01787/08

## Marginal operation

Issued capital - 4 250 000 ordinary shares of R1 each.

	Quarter ended 31.12.1991	Quarter ended 30.9.1991	Year ended 31.12.1991
<b>OPERATING RESULTS</b>			
Mined	33 318	27 777	111 095
One milled	120 000	118 000	358 000
Yield	5.0	5.0	5.0
Gold produced	1 439	1 439	4 317
Working revenue	32 650	33 610	99 870
Working costs	14 507	14 507	43 521
Working income	18 143	19 103	56 349
Gold price received	22 554	22 554	67 662

<b>FINANCIAL RESULTS (R'000)</b>			
Working revenue	16 971	14 782	52 653
Working costs	17 550	17 470	53 020
Working income	521	312	1 633
Sundry income - net	1 158	1 158	3 474
Income before taxation and State's share of income	1 679	1 470	5 107
Taxation and State's share of income	553	553	1 659
Income after taxation and State's share of income	1 126	917	3 448
Capital expenditure	1 378	1 378	4 134

<b>DEVELOPMENT</b>			
Advanced	559	559	1 677
Advanced on reef	390	390	1 170
Sampled	268	268	806
Channel width	124	124	372
Average value - gold	12.4	12.4	37.2

**REMARKS**

- Estimated capital expenditure for the next six months - Nil.
- Working costs amounting to R4 million incurred during the financial year for the rehabilitation of mineral equipment have been charged to a reserve created prior years for that purpose.
- Final dividend No. 117 of 20 cents per ordinary share and No. 108 of R11.33 per deferred share have been declared.
- Hedging profits of R85 000 from the forward sale of 1 812 oz of gold are included in working revenue. Contracts for 6 202 oz are still outstanding at an average price of R113 per oz.

UNISEL  
Gold Mines Limited

Company Registration No. 21/0094/08

## Gold production improving

Issued capital - 28 000 000 shares of no-par value.

	Quarter ended 31.12.1991	Quarter ended 30.9.1991	Year ended 31.12.1991
<b>OPERATING RESULTS</b>			
Mined	34 447	30 875	105 322
One milled	120 000	118 000	358 000
Yield	5.0	5.0	5.0
Gold produced	1 439	1 439	4 317
Working revenue	32 650	33 610	99 870
Working costs	14 507	14 507	43 521
Working income	18 143	19 103	56 349
Gold price received	22 554	22 554	67 662

<b>FINANCIAL RESULTS (R'000)</b>			
Working revenue	37 680	34 741	112 421
Working costs	30 912	29 084	89 996
Working income	6 768	5 657	22 425
Sundry income - net	1 184	1 184	3 552
Income before taxation and State's share of income	7 952	6 841	25 977
Taxation and State's share of income	3 248	3 248	9 744
Income after taxation and State's share of income	4 704	3 593	16 233
Capital expenditure	2 626	2 626	7 878

<b>DEVELOPMENT</b>			
Advanced	12	12	36
Advanced on reef	372	372	1 116
Sampled	6	6	18
Channel width	261	261	783
Average value - gold	2.3	2.3	6.9

**REMARKS**

- Estimated capital expenditure for the next six months - R7.2 million.
- Production levels are planned to increase throughout 1992. The working costs reflect the preparation for this build-up.
- Included in the previous quarter's capital expenditure was a recapitalisation of R5.0 million in respect of the cumulative preference shares have been declared.
- Hedging profits of R190 000 from the forward sale of 4 160 oz of gold are included in working revenue. Contracts for 14 284 oz are still outstanding at an average price of R113 per oz.

ST. HELENA  
Gold Mines Limited

Company Registration No. 05/20743/08

## Improved development results

Issued capital - 9 625 000 ordinary shares of R1 each.

	Quarter ended 31.12.1991	Quarter ended 30.9.1991	Year ended 31.12.1991
<b>OPERATING RESULTS</b>			
Mined	89 300	73 771	263 071
One milled	120 000	118 000	358 000
Yield	5.0	5.0	5.0
Gold produced	1 439	1 439	4 317
Working revenue	32 650	33 610	99 870
Working costs	14 507	14 507	43 521
Working income	18 143	19 103	56 349
Gold price received	22 554	22 554	67 662

<b>FINANCIAL RESULTS (R'000)</b>			
Working revenue	87 496	87 372	264 868
Working costs	40 547	41 868	123 283
Working income	46 949	45 504	141 585
Sundry income - net	8 545	8 545	25 635
Income before taxation and State's share of income	55 494	54 049	167 220
Taxation and State's share of income	14 559	14 559	43 677
Income after taxation and State's share of income	40 935	39 490	123 543
Capital expenditure	2 618	2 618	7 854

<b>DEVELOPMENT</b>			
Advanced	3 013	2 995	8 998
Advanced on reef	728	728	2 184
Sampled	677	677	2 031
Channel width	122	122	366
Average value - gold	1.018	1.018	3.054

**REMARKS**

- Estimated capital expenditure for the next six months - R3.7 million.
- Treatment of alluvial Free State Consolidated Gold Mines Limited yielded a profit of R1.2 million for the quarter.
- Final dividend No. 73 of 150 cents per share was declared.
- Hedging profits of R322 000 from the forward sale of 7 284 oz of gold are included in working revenue. Contracts for 24 529 oz are still outstanding at an average price of R113 per oz.

## Oryx mine

(A Division of St. Helena Gold Mines Limited)

## Stopping started

Operating Results			
	Quarter ended	Quarter ended	Year ended
	31.12.1991	30.9.1991	31.12.1991
<b>OPERATING RESULTS</b>			
Business Result	79 000	-	79 000
One milled	(R)	-	79 000
Gold produced	(R)	-	92
<b>FINANCIAL RESULTS ('000)</b>			
Net income before taxation	428	428	1 088
Capital expenditure	105 967	88 141	361 210



U.S. \$300,000,000



Crédit Lyonnais

Subordinated  
Floating Rate Notes Due 2000

Interest Rate 5% per annum  
Interest Period 16th January 1992  
16th July 1992

Interest Amount per  
U.S. \$10,000 Note due  
16th July 1992 U.S. \$252.78

Credit Suisse First Boston Limited  
Reference Agent

FOKUS Bank A/S

(Incorporated in the Kingdom of Norway with limited liability)

U.S. \$30,000,000

Floating Rate Subordinated Notes due 1997

Holders of Floating Rate Subordinated Notes of the above issue are hereby notified that for the interest period from 17th January, 1992 to 21st April, 1992 the following information is relevant:

1. Applicable Interest rate: 5 1/4% per annum  
Payment Date: US \$138.54  
per US \$10,000 Nominal
2. Coupon Amount payable on Interest  
Date: 21st April, 1992

Agent Bank  
Bank of America International Limited

Runic of Iceland  
U.S. \$125,000,000

Floating Rate Notes due 2000

Holders of Floating Rate Notes of the above issue are hereby notified that for the interest period from 17th January, 1992 to 17th July, 1992 the following information will apply:

1. Rate of Interest: 5 1/4% per annum
2. Interest Amount payable on Interest  
Payment Date: US \$265.42  
Per US \$10,000 Nominal or  
US \$6,635.42  
Per US \$250,000 Nominal
3. Interest Payment  
Date: 17th July, 1992

Agent Bank  
Bank of America International Limited



CALOR. ROWENTA. SEB. TEFLAL

1991 PRELIMINARY CONSOLIDATED SALES

(FF million)	1991	1991/1990
France	2 808	+ 2 %
Germany	1 152	+ 1 %
Other European countries	2 844	+ 12 %
Outside Europe	1 467	+ 18 %
Total	8 071	+ 8 %

Groupe SEB, Service Communication  
B.P. 172 - 68132 ELLILLY CEDEX - FRANCE  
Tel: (33) 72.02.16.40

Den norske Bank  
(Formerly Bergen Bank A/S)  
(Incorporated in the Kingdom of Norway with limited liability)

U.S. \$75,000,000

Floating Rate Notes Due 1997

Notice is hereby given that the interest payable on the relevant interest Payment Date, February 13, 1992 for the period August 13, 1991 to February 13, 1992 against Coupon No. 18 in respect of U.S. \$5,000 nominal of the Notes will be U.S. \$105.36 and in respect of U.S. \$250,000 nominal of the Notes will be U.S. \$2,634.36.

January 16, 1992, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

Postipankki Ltd

US \$50,000,000

Subordinated Floating Rate  
Notes Due 2000

For the interest period 15th January 1992 to 15th July 1992 the Notes will carry an interest rate of 4 1/4% per annum with an interest amount of US \$110.59 per US \$5,000 Note, payable on 15th July 1992.

Bankers Trust  
Company, London

Agent Bank

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DEALING HOURS FROM 8.00 AM TO 3.15 PM

## UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY: Index of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume and retail sales value (1985=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s).

	Ind. prod.	Mfg. output	Eng. orders	Retail sales	Unemployed	Vacs.
1990						
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0
1991						
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0
1992						
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0

OUTPUT: By market sector: consumer goods, investment goods, intermediate goods (materials and fuels), engineering output, metal manufacturing, textiles, clothing and footwear (1985=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intemed. goods	Eng. output	Metal mfg.	Textiles	Housg. starts
1990							
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1991							
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1992							
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0

EXTERNAL TRADE: Index of export and import values (1985=100); visible balance (bn); current balance (bn); oil balance (bn); terms of trade (1985=100); official reserves.

	Export	Import	Visible balance	Current balance	Oil balance	Terms of trade	Official reserves
1990							
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1991							
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1992							
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0

FINANCIAL: Money supply M0, M2 and M4 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit; clearing bank balance (end period).

	M0	M2	M4	Bank lending	Building societies	Consumer credit	Clearing bank balance
1990							
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1991							
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1992							
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0

INFLATION: Index of earnings (1985=100); basic materials and fuels; wholesale price of manufactured products (1985=100); retail price and food prices (1985=100); Retailer commodity index (Sept 1981=100); trade weighted value of sterling (1985=100).

	Earnings	Basic materials	Wholesale price	RPI	Foodstuffs	Retailer commodity	Sterling
1990							
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1991							
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1992							
1st qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2nd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3rd qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4th qtr.	100.0	100.0	100.0	100.0	100.0	100.0	100.0

\* Not seasonally adjusted  
† Not changes in amounts outstanding, excluding bank loans.



Daewoo Heavy Industries Ltd.

US\$ 40,000,000

3 per cent. Convertible Bonds 2001

NOTICE OF CONVERSION PRICE  
ADJUSTMENT

Notice is hereby given to the holders of 3 per cent. Convertible bonds 2001 of Daewoo Heavy Industries Ltd. that in accordance with the terms of the Trust Deed dated 23rd May, 1986, the conversion price was decreased from Korean Won 10,124 to Korean Won 9,992 per share effective 30th November 1991. This adjustment had resulted from the issue of new Shares, on which the details were published in 'Financial Times' and 'Luxemburger Wort' dated 20th November, 1991.

Daewoo Heavy Industries Ltd.

UNITED PAPER MILLS  
US\$ 100,000,000 Floating Rate Notes  
Due 1995

Notice is hereby given that the Rate of Interest has been fixed at 4.4% and that the interest payable on the relevant interest Payment Date July 16, 1992 against Coupon No. 5 in respect of US\$100,000 nominal of the Notes will be US\$2,224.44.

January 16, 1992, London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

## INTERNATIONAL CAPITAL MARKETS

Overseas interest drives  
up prices across Europe

By Sara Webb in London and Patrick Harverson in New York

EUROPEAN government bond markets yesterday showed strong gains, helped by overseas buying interest, particularly in the five-year sector.

Traders reported outright buying in Germany, France, Spain, Denmark and Sweden, with investors anticipating interest rate cuts in these bond markets.

Activity in the German government bond market was fairly volatile, but the Liffe bund futures contract closed higher on the day, having reached a significant resistance level. The Liffe contract opened at 88.30, and moved between a low of 88.17 and a high of 88.47 before closing at 88.38.

Traders said bund prices rose on news that the Bundesbank injected DM7.5bn of liquidity into its money market operations yesterday. At its allocation of 35-day and 63-day

securities repurchase agreements, the Bundesbank allocated more liquidity than had been expected. Traders said this could be taken as a sign that the Bundesbank wants to ease short-term rates.

The French market also showed strong gains, with the Matif futures contract reaching a high of 109.12 on heavy volumes. The contract traded between a low of 108.88 and closed at 109.08.

US TREASURY prices were mixed in active trading yesterday morning. The short end was weaker amid dwindling hopes of further interest rate cuts, while the long bond firm on comments that the Treasury may reduce

## BENCHMARK GOVERNMENT BONDS

	Coupon	Rate	Price	Change	Yield	Week	Month
AUSTRALIA	12.000	11/01	114.6100	+0.546	8.88	0.42	0.67
BELGIUM	8.000	09/01	102.1000	+0.250	8.88	0.73	0.04
CANADA	8.500	04/02	102.5000	+0.200	8.13	7.88	0.48
DENMARK	8.000	11/00	103.0750	+0.300	8.48	0.59	0.54
FRANCE	8.200	11/00	108.2227	+0.300	8.57	0.50	0.04
GERMANY	8.500	01/01	106.7700	+0.390	8.59	0.23	0.76
ITALY	8.250	09/01	102.2700	+0.150	7.90	0.01	0.20
JAPAN	4.000	09/99	05.7511	-0.150	8.61	0.58	0.88
NETHERLANDS	8.500	03/01	103.8100	+0.160	8.57	0.40	0.88
SPAIN	11.500	07/98	101.4500	+0.100	11.48	11.51	11.76
UK GILTS	10.000	11/98	101.35	+0.100	8.71	0.78	0.86
US TREASURY	8.000	10/08	97.30	+0.438	8.24	0.28	0.36
	8.000	11/21	105.14	+0.325	7.91	0.78	7.77

London closing. \* denotes New York morning session. Technical Data/ATLAS Price Sources

its issues of longer-dated securities.

By midday, the benchmark 30-year government bond was up 1/4 at 105 1/4, yielding 7.525 per cent. The two-year note at 100, same stage was down 1/4 at 100, yielding 4.982 per cent.

After four days of consecutive declines, the long end of the market was aided by comments from Mr Wayne Angell, one of the Federal Reserve governors, who said in a television interview he would not be against trimming the size of 30-year bond issues if it was economically necessary.



## Commodities business faces threat

**By Richard Waters**

house's actions meant that clients of London commodity brokers could no longer rely on recovering their assets once in the clearing system.

The clearing house is proposing to meet Woodhouse debt by applying some of the £1.2m of Woodhouse clients' money which it holds.

The decision to use client money comes in spite of the fact that the clearing house holds £3m, representing guarantees pledged by banks to cover Woodhouse's trades. Under the LCH proposal, this money would be returned to the banks even though the

nd trade

## Barbara Durr finds the CBOT uneasy about possible Treasury moves

The exchange, which has significant political clout, has been lobbying against the move. Not only did it fire off a letter of protest to Mr Brady

Such concern is uncalled for, however, according to Mr. Richard Sander, man-

aging director of Kidder, Peabody. As the former chief economist for the CBOT, he designed its Treasury bond futures contract. He said: "A diminution of supply will not necessarily dampen activity in

He noted that as trading activity is driven into the two-, five- and 10-year Treasury notes - and more of them will have to be issued to make up for a decrease in 30-year bonds - volume at the exchange

The CBOT already has experienced significant growth in its trading of futures and options based on lower maturity Treasury securities over the last year. For example,

Nometheless, exchange officials are concerned.

Mr Lee, is a lawyer and has been the convener of the exchange's listing committee since October 1990 and a member of the exchange's council since October 1987. He is a

tures - both enforced and voluntary - in recent weeks. Most of these, however, have been on the equity side. However, on the fixed income side, Mr. Simon Meadows

## RISES AND FALLS YESTERDAY

**LONDON TRADED OPTION**

**NS**

Option	CALLS			PUTS		
	Mar	Jun	Sep	Mar	Jun	Sep
Midland Bk ('217)	200	24 52½	37½	5	9 11½	
	220	14½	22	27 13½	18½	21
National						
Power	130	6 11½	13½	7	8 11½	
('132)	140	2½	6	9 13½	14½	17½
Resters	1000	115	1451	170	14 27½	38½

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EQUITY GROUPS		Wednesday January 15 1992					Jan Jan 14	Jan Jan 13	Fri Jan 15	Year ago aggrand	
& SUB-SECTIONS											
Figures in parentheses show number of stocks per section											
	Index No.	Day's Change	Est. Carrying Yield (%)	Prev. F/Y Yield (%)	Est. P/E Ratio	Jul Adj. 1992 in date	Index No.	Index No.	Index No.	Index No.	
1	CAPITAL GOODS (170)	762.22	+0.9	8.95	6.31	14.29	0.91	755.22	774.74	739.74	675.31
2	Building Materials (23)	897.96	+0.1	7.75	6.93	17.47	0.00	889.50	888.92	872.92	911.66
3	Contracting, Construction (29)	826.43	+0.3	9.60	8.86	15.00	0.00	833.83	831.37	827.89	861.00
4	Electric (6)	1017.47	+0.1	7.25	6.31	16.31	0.00	1016.37	1015.91	1000.32	921.81
5	Electronics (26)	1683.74	-0.5	10.56	10.51	11.56	0.41	1692.96	1655.93	1659.25	1478.08
6	Engineering-Aerospace (26)	346.41	+0.1	15.59	7.50	7.81	0.00	342.93	336.84	331.47	300.48
7	Engineering-General (43)	475.19	+1.2	10.08	5.24	12.24	0.84	469.47	474.91	464.64	447.88
8	Metals and Metal Forming (10)	267.21	+0.4	9.67	8.30	14.81	0.00	260.38	268.07	277.79	266.43
9	Other Industrial Materials (13)	1585.58	+3.5	7.59	5.37	15.63	0.00	1565.96	1599.93	1524.43	1347.36
10	Other Industrial Materials (13)	1585.58	+3.5	7.59	5.37	15.63	0.00	1565.96	1599.93	1524.43	1347.36
11	Business GROUP (18)	1646.06	+0.4	7.88	3.36	17.38	0.15	1639.28	1627.05	1615.35	1388.45
12	Owners and Distributors (23)	2607.90	+0.1	8.31	3.46	14.70	0.74	2594.64	2600.46	2588.46	2261.81
13	Food (2)	2015.21	+0.7	7.45	4.05	14.05	0.00	1973.63	1973.63	1973.63	1973.63
14	Food Retailing (7)	2015.21	+0.4	9.15	3.45	14.20	0.39	2399.11	2330.05	2303.08	2263.08
15	Health and Household (24)	4649.21	-0.1	4.09	2.10	25.46	0.35	4654.94	4643.94	4643.94	2654.93
16	Hobbies and Leisure (24)	1226.63	-0.6	8.07	5.45	10.00	0.00	1224.09	1224.09	1224.09	1224.09
17	Hotels and Lodging (6)	1468.34	+1.3	6.45	3.45	18.85	0.00	1459.42	1426.53	1419.78	1116.91
18	Packaging, Paper & Printing (7)	755.65	+0.5	6.92	4.34	17.52	0.00	761.75	761.75	746.06	686.96
19	Stores (2)	988.71	+0.9	7.43	3.76	17.84	0.23	988.08	962.17	942.17	786.05
20	Textiles (10)	592.23	-0.4	7.77	5.22	16.45	0.00	592.88	592.88	592.88	492.88
21	Other Materials (13)	1203.79	+1.6	10.00	5.25	15.25	0.11	1194.33	1201.33	1181.86	945.95
22	Business Services (14)	1428.50	+2.1	6.98	4.56	18.22	0.00	1408.48	1406.12	1396.12	971.28
23	Chemicals (23)	1406.26	+3.5	7.13	5.17	17.34	0.19	1398.41	1392.41	1382.40	1004.01
24	Composites (13)	1354.00	+1.7	11.37	7.83	10.68	0.10	1362.25	1362.25	1362.25	1362.25
25	Transportation (2)	2292.17	+0.2	7.57	5.36	16.10	0.00	2324.88	2324.88	2324.88	1772.71
26	Electricity (16)	1115.19	+2.5	15.77	6.46	8.25	11.22	1124.36	1125.02	1116.55	955.05
27	Telephone Networks (4)	1793.18	+1.2	11.26	4.50	11.59	15.36	1736.22	1767.08	1738.29	1085.95
28	Water (10)	2253.22	+4.3	18.95	7.06	5.81	0.00	2253.22	2253.22	2253.22	1777.65
29	Transportation (2)	2292.17	+0.2	7.57	5.36	16.10	0.00	2324.88	2324.88	2324.88	1772.71
30	Business GROUP (18)	1281.90	+0.9	8.92	4.55	15.02	2.32	1270.64	1259.93	1255.00	991.97
31	Oil & Gas (19)	2149.92	-0.7	11.66	6.39	11.35	0.00	2179.88	2137.44	2114.22	2008.75
32	SEA SHIPING GROUP (18)	1363.29	-0.9	8.70	4.74	14.49	2.19	1351.68	1336.06	1328.96	1092.04
33	FINANCIAL GROUP (67)	707.97	+1.1	-	6.58	-	0.00	700.10	697.59	698.72	667.36
34	Banks (9)	844.14	+2.3	4.57	6.29	42.39	0.00	825.48	825.54	825.58	700.81
35	Insurance (10)	654.90	+0.7	-	5.99	-	0.00	644.65	642.70	642.70	542.70
36	Insurance (Company) (7)	654.90	+0.7	-	5.99	-	0.00	644.65	642.70	642.70	542.70
37	Insurance (Company) (10)	922.95	+0.7	7.79	4.73	16.86	0.00	917.60	918.91	923.77	937.53
38	Merchant Banks (7)	459.68	+0.2	7.17	6.76	10.26	0.00	449.95	449.93	452.29	327.70
39	Property (34)	765.07	+0.6	7.17	16.86	11.08	0.00	765.65	765.65	765.65	765.65
40	Real Estate (2)	214.58	+0.8	11.36	7.86	11.08	0.00	224.24	224.24	224.27	236.37
41	Real Estate Trusts (68)	1192.51	+1.3	-	5.64	-	0.38	1177.64	1166.99	1164.17	947.19
42	Real Estate Trusts (68)	1192.51	+1.3	-	5.64	-	0.38	1177.64	1166.99	1164.17	947.19
43	ALL-SHARE INDEX (384)	1208.07	-0.9	-	4.93	-	1.67	1197.28	1186.22	1182.19	987.46
44	ALL-SHARE INDEX (384)	1208.07	-0.9	-	4.93	-	1.67	1197.28	1186.22	1182.19	987.46
45	FT-SE 100 SHARE INDEX	2537.1	+0.8	2556.9	2526.4	2516.3	2490.1	2477.9	2497.9	2491.9	2024.8

EQUITIES										
Issue	Amt of Paid	Latest Revenue	1997/92	Stock	Closing Price	+or-	Net Plc	Times Paid	Gross Margin	P/E

[illegible]

FIXED INTEREST STOCKS							
Issue Price \$	Amount Paid up	Latest Payment Date	1991/92		Stock	Closing Price \$	+ or -
			High	Low			
100	F.P.	-	100	98	Bette Mining Ltd. (Bett Co. Pr) 1994	100	
100	F.P.	-	101 1/2	98 1/2	Caracostine Int. 10 1/2% Cr. Deb. 2001	104 1/2	
100	F.P.	-	104 1/2	100 1/2	Fidelity Ears. Volume Equity Lt 2001	106 1/2	+1 1/2

PRICE INDEXES		Wed Jan 15	Day's change %	Tue Jan 14	Accrued interest 1992 to date	1 Low	2 Coupons	13	14	15
British Government						5 years	15 years	8.85	8.90	10.14
								9.25	9.34	10.18
									9.24	10.00

1	British Government								3	60%-74 %	20 years	9.66	9.76	10.27
2	Up to 5 years (26)	121.59	+0.22	121.80	1.92	0.99			4	Medium	5 years	9.34	9.43	10.35
3	5-15 years (29)	136.94	+0.99	136.11	2.60	-0.38			5	60%-104 %	15 years	9.28	9.36	10.37
4	Over 15 years (6)	146.34	+0.77	145.22	2.03	0.00			6	High	5 years	9.89	9.98	11.11
5	Unemployment > 163.09		+0.80	163.09	1.84	0.00			7	Climate	15 years	9.34	9.52	10.72
6	All stocks (67)	134.26	+0.49	133.91	2.34	-0.35			8	Unbreakable	5 years	9.48	9.56	10.36
7	Up to 5 years (2)	168.31	+0.14	168.08	1.07	0.00			10	Index-Linked				
8	Over 5 years (8)	148.98	+0.15	148.76	0.65	-0.27			11	Inflation rate 5 %	Up to 5 yrs.	3.99	4.02	3.83
9	All roads (11)	150.51	+0.15	150.29	0.71	0.23			12	Inflation rate 5 %	Over 5 yrs.	4.32	3.33	4.21
10	Rate & Lines (62)	116.99	+0.35	116.08	2.57	0.09			13	Inflation rate 10 %	Up to 5 yrs.	3.39	3.42	2.99
									14	Inflation rate 10 %	Over 5 yrs.	4.15	4.16	4.04
									15	Risk & Loss	5 years	11.05	11.10	12.55
									16	Least	15 years	10.88	10.95	12.94
											25 years	10.71	10.75	12.14

Date	Price p	Paid up	Interest Date	1941/2		Stock	Price p	+ or -
				High	Low			
43	88	17/2	5pm	5pm	Anglo Irish Bank	3pm		

1159	WU	2011	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25
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● First Dealings	Jan. 6	Rue, Knick, Medeva, Pilkington,
● Last Dealings	Jan. 17	Pelon, Scottish Heritage Trust
● Last Declarations	Apr. 2	Last and Tarmac. Puts in Barrati
● For Settlement	Apr. 13	Dave - SEY, Tarmac and Tavior

3-month call rate indications are shown on this page.  
Calls in Amstard, ASDA, De La Woodrow. Puts and calls in Abbeycrest, Appleyard, Albert Fisher and Graycost.

Water Cons. ....	42	Laborers .....	19	Seam .....	8½	<b>MOLE</b>	
Arm Union .....	34	Legal & Gen .....	30	SmKl Schm A ....	70	Aviva Pet .....	1½
Mauidie .....	40	Lex Service .....	18	TI .....	41	BP .....	30
.....		.....		TCB .....	9		

40	Loyce Beane	28	Tesco	15 1/2	Burmah Castrol	30
41	Lynch	18	Thorn EMI	39 1/2	Conroy Pet	4
42	Luxus India	11	T & H	10 1/2	Gaelic Res	1 1/2
43	Mables Spencer	22	Unilever	7 1/2	Premier Cons	4
44	Midland Bank	21	Vickers	13 1/2	Shell	11
45	NorthEast Bank	21	Wellcome	60	Tanker Res	41
46	P & O Ltd	35			W MILES	
47	Racal Elcot	4 1/2	PROPERTY		RTZ	96
48	RHM	20	Brit Land	20 1/2		
49	Royal Org	47	Land Sec			
50	Rustern	20	MEPC	33		
51	Ryan	15	Mountleigh	3		
52	Reed Int'l	42				



## UK COMPANY NEWS

## First Leisure rises to £30.4m

By Michael Stapinker, Leisure Industries Correspondent

FIRST LEISURE, the discotheque, ten-pin bowling and tourist attractions group chaired by Lord Delfont, yesterday announced a 4 per cent improvement in pre-tax profits to £30.4m after what it described as the most difficult year since the company was set up in 1983.

Lord Delfont said he expected tough trading conditions to continue throughout most of this year. He said the first half of the current year would be particularly difficult and would coincide with the planned closure of Blackpool Tower and several discotheques for redevelopment.

Mr John Conlan, chief executive, said the group was looking into the possibility of acquiring some of the assets of Thames International, owner of Windsor Safari Park, which went into administrative receivership earlier this month.

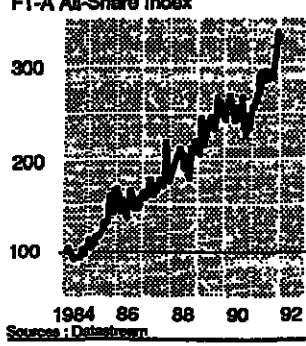
Mr Conlan said the company was interested in Thames International's bowling alleys and would also look at the safari park. He added, however, that discussions were at an early stage.

First Leisure's profits for the year to October 31 1991 were boosted by a strong performance from snooker and the ten-pin bowling business.

The strong performance of First Leisure's snooker activities is in part due to the rise in unemployment and the increase in the number of people looking for activities to fill their day.

## First Leisure

Share price relative to FT-AI Share Index



Source: Datastream

The sports division, which includes bowling, snooker and the Chichester Marina, saw profits rise 31 per cent to £12.5m on turnover of £26m (£21.8m).

Profits from discotheques were flat at £13.7m (£13.5m) on turnover slightly up at £41.6m (£38.5m). Mr Conlan said this sector was the first of the company's businesses to feel the effects of the recession, as competitors discounted prices heavily to increase market share.

The group is in the process of redesigning its discotheques to give them a more futuristic, high-tech look. Mr Conlan said the last redesign of the discotheques, in the mid-1980s, had attempted to give them a similar look to the lounge of a luxury hotel.

Profits at the group's tourist facilities, which include all three Blackpool piers and the



John Conlan (left) and Nicholas Irens, finance director

Winter Gardens conference centre, fell to £12.3m (£14.1m) on a small advance in turnover to £38.9m (£38.7m). Mr Conlan said visitor numbers were down, and those tourists who did visit the attractions were spending less.

Depressed conditions in London's West End, where the company has a stake in the Prince of Wales and Prince Edward venues, saw profits from theatres fall to £726,000 (£1.1m) on turnover of £2.2m (£3.2m). The company

announced last November that Mr Cameron Mackintosh, the theatrical producer, had agreed to increase his 20 per cent interest in the Prince of Wales and the Prince Edward to 50 per cent.

Group turnover increased by 8 per cent to £105.7m (£102.3m). Earnings per share rose from 15.62p to 15.67p and a final dividend of 3.55p (3.5p) is proposed, making a total of 5.65p, a 13 per cent improvement on last year's distribution of 5.05p. See Lex

## Worldwide revamp of commercial side of Rover

By John Griffiths

ROVER GROUP, the vehicle subsidiary of British Aerospace, is restructuring its commercial activities worldwide with the principal aim of sharply increasing sales outside the UK.

Mr George Simpson, Rover's chairman, has set a long-term goal for the company to export 60 per cent of its annual output of about 500,000 cars and 4-wheel-drive vehicles. This compares with a record 45 per cent last year - when just under 200,000 vehicles were exported - and only about 25 per cent in the period before privatisation.

The revamp announced yesterday includes the creation of Rover Europe, under which the UK and continental Europe will be treated as a single market for the first time.

The creation of a total of three new groupings - Rover Europe, Rover International and Rover Marketing - is also intended to strengthen Rover's efforts to be perceived as an upmarket producer.

As well as combining UK and continental sales activities, as part of preparations for the single EC market post-1992, Rover Europe will also merge previously separate sales and marketing operations for Rover cars and Land Rover/Range Rover 4wd vehicles.

It will be headed, as managing director, by Mr Graham Meade, formerly president of Rover's Sterling Motor Cars subsidiary in North America until collapsing sales forced Rover's withdrawal from the US car market last year.

Its 4wd subsidiary in the US, Range Rover of North America, is still fully operative, however, and will be grouped with Rover's other subsidiaries outside Europe within Rover International.

Its managing director, Mr Chris Woodcock - formerly managing director of Land Rover - will also take responsibility for developing new business elsewhere, including Eastern Europe.

Among projects already underway for the region are possible production of the Maestro in Bulgaria and the setting up of a Russian distribution network for Rover vehicles through Obichon, a UK-headquartered east-west trade group. Longer term, Montego production could also be moved to Russia.

The third new division, Rover Marketing, is to be under the managing directorship of Mr Kevin Morley, formerly managing director of Rover Cars.

Mr Morley, whose responsibilities have been primarily for Rover's commercial activities, including sales and marketing, will lead Rover's drive to reposition its cars at the premium end of the market. He is also to become chairman of a new, independent and as yet unnamed company to be set up by Rover Marketing to provide integrated marketing services to the group.

## Thames Water pays £59m for US and German acquisitions

By Michio Nakamoto

THAMES WATER, the largest of the UK's privatised water companies, is strengthening its environmental engineering activities with the acquisition of a German engineering design and contracting business and a US manufacturer of municipal water treatment products for a total consideration of just under £59m.

Thames, which has been one of the most aggressive groups among the privatised water companies in diversifying out of its core regulated water business, is acquiring Mittel, Deutsche Wasser- und Umwelttechnik AG (UTAG), and FBL Holdings (Leopold), based in Pittsburgh.

The acquisitions, among the largest foreign purchases to date by water companies since privatisation, will bring Thames's non-water business turnover up to £350m. The

deals will give Thames possibly the highest proportion of unregulated earnings among the privatised water companies.

Mr Mike Hoffman, chief executive, said that the acquisition of UTAG was a strategic move that would enable the group to strengthen its presence in continental Europe.

Germany, in particular among European markets, provided a significant opportunity as investments totalling up to £100m (£3.5m) per year were expected to be made over the next ten years to bring eastern Germany's water supply and EC levels. It would also position Thames to move further into both eastern and western European markets.

The group with a strongly contested battle to take over UTAG from the Treuhand

agency. It put in the highest bid at £33m and has pledged to retain 935 jobs which, together with investments, will bring additional investment in the German company to about £100m, according to Mr David Luf, finance director. UTAG has annual sales of £100m.

The acquisition of Leopold for £44m (£25.9m) will strengthen Thames's presence in the US. Leopold's experience in the municipal sector will complement Thames's operations through L.A. Water Treatment in the US industrial water treatment market as well as provide an important route for distributing group products in the US.

L.A. Water Treatment is expected to achieve turnover of about £10m while Leopold's for the year to end-May is expected to be about \$30m.

## Hanson nearer continental buys

By Roland Rudd

HANSON, the acquisitive conglomerate, yesterday said it was more likely to buy into continental Europe now that the rules governing hostile bids were clearer.

At an analysts meeting in Paris, Mr Peter Harper, chairman of Hanson's UK industrial division, said: "We want to move into continental Europe. The opportunity for such a move we have not yet discovered."

He said Hanson had always been held back from buying a European company by the thought it could be thwarted by hidden laws, but now the

European Commission has the power to rule on cross-border EC bids. "We applaud that power," he said. The shares yesterday rose 8 1/2 p to close at 212 1/2 p.

Hanson last year unsuccessfully pursued a merger with Imperial Chemical Industries, partly to give it new businesses outside its Anglo-American base.

For the year ended September 1991, turnover by geographical location, was \$3.5bn in the UK, \$3.5bn in the US and just \$227m in the rest of the world. Analysts interpreted the announcement as evidence

that Hanson had also decided that a UK hostile bid was too difficult in the present political climate. However, Mr Harper reiterated that Hanson was keeping its options open over its 2.5 per cent stake in ICI.

Mr Harper added that Hanson would still prefer a friendly acquisition on the Continent.

He said Hanson's borrowing power stood at \$3.5bn after paying for Beazer, the building and materials company.

Hanson had been looking for opportunities in continental Europe for the last three to five years, Mr Harper said.

## Dividend rise lifts Southern Business shares

By Peggy Hollinger

SHARES IN Southern Business Group, the photocopying supplier which under fire 18 months ago for its contractual practices, yesterday jumped 15 per cent as the company announced a modest rise in annual profits from £14m to £14.4m.

Analysts said the share price, which closed 14p up at 106p, took heart from the decision to lift the final dividend from 1.63p to 1.91p, making a total of 2.94p.

Profits were struck on turnover ahead 9 per cent at £51m. The group claimed forward contracting income - the total value of all its contracts - of £300m at the end of the year to September 30. The average life of Southern's contracts has been reduced from about nine years to six.

Mr Roger Lippemey, finance director, said the company had spent a considerable

amount of "time, energy and money rectifying our past misdeeds".

He was referring to accusations that Southern had offered onerous contracts, sold by salesmen employing high pressure techniques. The sales force had been retrained and Southern now boasted an endorsement from the Plain English Campaign on its revised contracts.

Mr David McErlain, managing director, was equally anxious to quash any lingering doubts about Southern's practices. "The criticisms caused us to take a long hard look at our company... That [in turn] enabled us to come in with results which have more than shown we have held our own in a difficult marketplace."

Earnings per share rose from 9.57p to 10.07p.

## COMMENT

Reporting an increase in profits and turnover at a time when many customers - small businesses - are falling at a rate of knots is not bad going. Then, to raise the dividend 15 per cent - indicating that 1992 is likely to be even better - will leave many competitors green with envy. Southern is rightly proud of generating so much cash last year, but that is partly a consequence of slower growth. When recovery comes, the company, which grew at an annual compound rate of 20 per cent between 1984 and 1990, is likely to have to return to shareholders for cash. For next year, forecasts are pitched at £16.1m, giving a prospective p/e of 9.5. For the moment, the shares appear to be undervalued.

## Receivers in at Co of Designers

Receivers have been called in at the Company of Designers, the building design consultancy which grew rapidly in the late 1980s through acquisitions.

The group, which was launched on the USM a week after the stock market collapse of October 1987, has current liabilities of between £5m and £6m. The shares were suspended on Monday at 7p.

KPMG Peat Marwick, account receivers, said they hoped to sell COD as an on-going business in the next seven to 10 days.

## ScottishPower joint venture

By James Buxton, Scottish Correspondent

SCOTTISHPOWER yesterday set up a joint venture company with Utilicorp United, the US gas and electricity utility, to compete with British Gas in supplying commercial and industrial customers in Scotland.

ScottishPower thus becomes the third British electricity company to form a joint venture with Utilicorp in gas supplies. Midlands Electricity and Eastern Electricity joined up with Utilicorp in the second half of last year.

ScottishPower will be responsible for the marketing and administration of the new venture while Utilicorp, the UK wholesaling subsidiary of Utilicorp, will be responsible for supplying the gas, which will be transmitted through existing British Gas pipelines.

The new venture, which is named Caledonian Gas but will trade as ScottishPower, is owned 75 per cent by the Scottish company and 25 per cent by Utilicorp. It will compete

with British Gas on price and also on service, according to Mr Martin Fleming of ScottishPower.

British Gas is open to competition for customers taking 25,000 therms or more of gas a year. ScottishPower expects that in due course the threshold will be lowered to 3,500 therms and that by 1996 the government will throw the domestic gas market for large households consuming at least 600 therms a year open to competition.

## NEWS DIGEST

## £8.3m placing at John Wood

JOHN WOOD Group, the Aberdeen-based oilfield services company which is one of Scotland's largest privately-owned concerns, is broadening its shareholder base by placing £8.3m-worth of convertible preference shares with 13 institutions, most of them Scottish.

No cash is being raised for the company but the new shares will, on conversion, account for 8.7 per cent of John Wood's equity. The proportion of the company held by institutions will rise from 9.3 to 18 per cent, and the stake held by the Wood family will fall to 75 per cent and that of management and staff to 9 per cent.

Mr Ian Wood, chairman, said that the move was part of the evolution of John Wood away from being a family concern.

## Beales Hunter £5.1m cash call

Beales Hunter, the Nottingham-based textile, refrigeration and electrical group, is launching a rights issue to raise about £5.06m net to fund two acquisitions and eliminate gearing.

At the same time the company announced a small rise in pre-tax profits to £1.2m (£1.1m) in the half-year to November 30. The interim dividend is lifted 0.1p to 2.3p.

Some 2.42m new ordinary shares at 220p apiece will be issued on a 1-for-3 basis. The companies to be acquired are Ingram Electronic Services - for an initial £600,000 and further consideration up to a maximum of £1m - and Tyne Tees Forth Air Conditioning & Refrigeration for about £600,000.

## Triplex Lloyd in double purchase

Triplex Lloyd, the engineering group with interests in the power, automotive and building products sectors, has made two acquisitions for a total consideration of up to £4.98m.

For an initial £2.75m, it is buying Paralloxy, a specialist producer of horizontal centrifugal-sput high alloy tubing, fabricated assemblies and static cast fittings, mostly for the petrochemical industry.

Further consideration of £750,000 will become due if profits for the year to March 31 1992 exceed £572,000.

## Pelican to extend Café Rouge chain

The Pelican Group, the USM-quoted restaurant operator, reported an 84 per cent rise, from £71,000 to £131,000, in trading profits for the six months to September 30.

At the pre-tax level, profits fell by 30 per cent from £263,000 to £181,000. However, last year's figure was enhanced by an exceptional gain of £192,000 on the sale of properties.

Turnover advanced by £205,000 to £2.85m. Mr Roger Myers, chairman, said that Pelican now had 14 restaurants and intended to open a further six Café Rouge outlets.

## Pools side helps Zettlers to £450,000

Zettlers Group reported a 21 per cent expansion in pre-tax profits for the six months to September 30 1991. The increase - from £372,111 to £451,010 - was achieved in spite of a fall in turnover from

£11.4m to £11m. The pools operation maintained turnover, directors said, with tight control over operating costs helping to lift profits.

In contrast, turnover in the competitions and marketing side slumped from £280,061 to £229,332, reflecting the end of the News International Lotto competition which ceased in June of last year. Nevertheless, profitability of the Spotting the Ball competition was being maintained.

Earnings per share were at 4.1p (3.4p) and, by a move to reduce disparity, the interim dividend is lifted to 4p (1.75p).

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## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Aude	1.25p	Apr 3	1.85	-	4.8
Beales Hunter	2.31p	Feb 21	2.2	-	9.15
Colorvision	3.11p	Mar 6	-	-	5.8
Crown Comms	5p	Mar 6	nil	1.5	-
Emcor Dual Inc	2.5	Mar 4	2.45	nil	10.5
First Leisure	3.95p	Apr 6	3.5	5.695	5.05
Group Dev Trust	0.24	Mar 20	0.2	0.24	0.2
London Scottish	1.875	Mar 12	1.875	2.76	2.75
Sgha Business	1.81	Mar 6	1.82	2.94	2.88
Wyko	1.41p	Apr 10	1.4	-	2.8
Zettlers	4p	Feb 27	1.75	-	9

Dividends shown pence per share net except where otherwise stated. 10p capital increased by rights and/or accumulation issues. \$USM stock. \$Second interim; current period covers 18 months to March 31 1992.

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## COMMODITIES AND AGRICULTURE

## Debts may force closure of Peruvian metal plant

By Sally Bowen in Lima

THE PRECARIOUS financial position of Peru's state-owned mining corporation, Centromin, has given rise to the distinct possibility that its huge La Oroya refinery and smelter complex might have to close temporarily.

Centromin is high on the government's privatisation list and an international tender for valuation of the company has been called. Former minister Mr Sanchez Alvarado estimated the company's total worth at around \$600m.

The company's cash-flow position, however, is acute. The immediate crisis arises from a refusal by state oil company Petroperu to continue supplying fuel on credit to Centromin, which has run up an

unpaid bill for \$200,000. Centromin owes estimated \$60m to a wide variety of suppliers. The closure of the smelter would have a dramatic effect on Peru's already beleaguered mining sector. Centromin is the principal purchaser of "dirty" concentrates from many of Peru's medium-sized mines. Some 2,500 local companies and an estimated 100,000 families depend directly or indirectly for their livelihood on Centromin.

On its own account, Centromin employs over 15,000 workers and exports metals and minerals worth \$950m annually. The company accounts for about a third of Peru's lead and zinc, a quarter of its silver and upwards of ten

per cent of its copper.

Centromin has been technically bankrupt for many months, having lost \$105m in the first half of 1991. In early January, a government decree authorised the company to sell off non-essential fixed assets in order to stay afloat.

Company managers were holding urgent meetings in Lima yesterday to seek a short-term solution to the company's cash crisis. They hoped to avert La Oroya's closure by renegotiating the Petroperu debt.

The only approach so far from a potential purchaser for Centromin - Boliden of Sweden - was rejected last year because it involved use of secondary debt paper.

## Backing for Quebec copper plan

By Bernard Simon in Toronto

COMINCO AND Teck, the Vancouver-based mining groups, have thrown their weight behind the Louvicourt copper, zinc and gold deposit in central Quebec by shouldering a large chunk of the development costs and acquiring a 25 per cent equity stake in the project.

The two companies will acquire their stake from Aur Resources, a junior mining group, in return for a cash payment of C\$15m (\$7.3m) plus a contribution of 55 per cent of the next C\$100m in development costs. The contribution also covers Aur's share of the costs. Aur will retain a 30 per cent interest in the project.

The deal thus values Louvicourt, considered one of the most promising base metal projects in Canada, at a total of C\$150m. Construction costs are estimated at C\$328m.

The Louvicourt mill is due to start up in 1994 at a rate of 640,000 tonnes a year. Full production of 1.8m tonnes is scheduled for 1997. Metal output at full capacity is expected to reach 250,000 lb of copper, 33m lb of zinc, 36,000 ounces of gold and 960,000 ounces of silver.

Mr Raymond Goldie, analyst at Richardson Greenfields in Toronto, said besides high grades and large tonnages, Louvicourt benefited from being close to existing infrastructure, such as roads and power supplies. The mine, near the town of Val d'Or, will also be close to a smelter operated by Noranda, the Toronto-based resources group.

Because the deposit is adjacent to a mine that was closed in the mid-1970s, Mr Goldie expects the environmental review process to proceed relatively smoothly.

The remainder of the project will be financed by Louvicourt Mines, which has a 45 per cent equity interest. Louvicourt is 51 per cent owned by Noranda.

## Fox tries to make up lost ground

David Blackwell on London's troubled commodity futures exchange

LONDON'S RAW sugar market moves from screen trading back to floor trading tomorrow as the troubled London Futures and Options Exchange (Fox) embarks on a year of readjustment after its property futures debacle.

Traders around the world will be watching closely what happens to the raw sugar market, which only 12 months ago was switched to screen trading in a move to boost rapidly falling volumes. The decision to move it back to the floor was taken in September, a month before Mr Mark Blundell, then chief executive, resigned after having initiated trades in the screen-traded property futures market.

In December the Securities and Futures Association fined five brokers between \$50,000 and \$80,000 for creating a false impression of investor interest in the market.

Fox has been a pioneer of screen trading, but its experience has not been happy. The white sugar market, launched in 1987, was the first market to be put on screens and has remained relatively successful. But since then contracts in rubber, rice and property have been launched and closed. The base metals index contract was trading reasonably well until the property futures scandal, when volumes collapsed, while an arabica coffee contract has attracted little attention.

One of the first actions of Mr Philip Thorpe, the new chief executive, was to order a review of the exchange by Arthur Andersen, the accountancy group, and he expects the results shortly. "It will be an audit of where we are and a blueprint of where we want to be," he said this week.

But he is clear that Fox will be concentrating on its core agricultural contracts in the short to medium term. He also insists that he has no preconceptions as to how they should be traded - floor or screen.

The exchange is very much the creation of a succession of mergers. It was not until 1986 that the coffee, cocoa and sugar markets merged in order to defray the costs of regulation under the Financial Services Act. In 1990 the exchange merged with the Baltic Futures Exchange, taking over contracts in grains, potatoes, meat and freight futures.

The degree of merging, however, has been limited by the individuality of the markets. Mr Piers Fletcher, a director of

He is also certain that Fox will have to organise itself in order to maximise the benefits of the merger. "Only the most efficient markets will survive, and Fox has got to be competitive."

Mr Michael Overlander, chairman of the exchange's sugar market committee, does not underestimate the difficulty of re-establishing London's raw sugar market.

"We know we have an uphill task. We also recognise that

and buyers - now use New York as the medium for raw sugar pricing," he said.

Mr John Darling, a director of E.D. & F. Man, said that as a major international sugar house his company was committed to the market as far as it could be with three registered traders based at the nearby coffee ring and freight futures pit. "We are well disposed to act quickly," he said yesterday, but there were no indications that volumes were going to leap. The company would want the sugar floor full time "as soon as it became economically viable".

Mr Overlander is convinced there is still a desire to trade raw sugar in London, pointing out that there are basic differences between the London and New York contracts offering opportunities for arbitrage. Mr Fletcher believes the market stands a good chance of survival if the big players use it.

Mr Fletcher is also optimistic about Fox's future, pointing out that while all three soft commodities have been in the doldrums together, there is good reason to believe cocoa and coffee are heading for better times. "We ought to see the present circumstances as an opportunity to build up the exchange," he said.

Mr Thorpe believes the freeing up of agricultural policies will greatly boost the potential of the exchange's grain, cotton and research will continue into a European grain contract. But the exchange will be very careful about launching contracts in future. Adding a new market may not be complicated or expensive, but that is not a reason to put it on the screen, he said.

Meanwhile Fox would be concentrating on the products it already has, which people want to trade, he said. "We are very conscious that we need to show that we run well as an organisation. We want the exchange to be approaching 1992-93 with a very strong foundation."

Mr Thorpe agrees that one of the key issues Fox has to address is whether members want a strong central authority or an umbrella over individual markets. "We have to decide what the exchange is for," he said. "Is it to introduce new contracts? To service market? Or is it just a regulatory umbrella?"

## Financing difficulties delay Anglesey base metals project

By Kenneth Gooding, Mining Correspondent

DEVELOPMENT OF Britain's first big base metals mine for decades, at Parys Mountain, Anglesey, is being seriously delayed by financing difficulties.

Anglesey Mining, the company floated on the London Stock Exchange in 1988 to develop the Parys Mountain property into the UK's biggest-ever metals mine, is now seeking a joint venture partner to bring the project back on track.

The zinc-lead-copper mine was scheduled to come into operation early in 1993. Anglesey says that production can start 15 months after financing is completed.

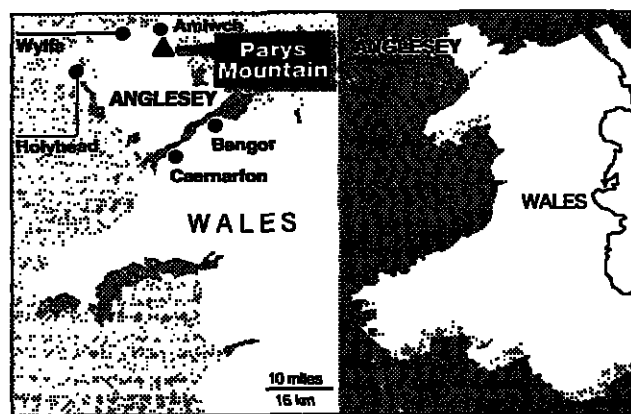
Plans also call for the mine to produce a steady stream of authenticated Welsh gold for which there are customers who will buy at a premium to the market price.

Anglesey so far has spent about \$2.5m on the project and now needs another \$25m to take it through to production.

Two banks, the Swiss Bank Corporation and the Bank of Scotland, agreed in October to provide project loans of up to \$25m (£14.5m) and Anglesey also received a \$2m Welsh Office assistance grant because the mine will create 147 jobs.

However, raising the equity part of the package has proved impossible so far. Most of Anglesey's shareholders seem keen to subscribe for new shares but its biggest shareholder, Imperial Metals, a Canadian mining company which owns 43 per cent, is not able to.

Like nearly every other metals mining company in the world, Imperial is suffering from present very low prices



and it has other projects requiring capital. Mr Mark Wellesley-Wood, a director of Kleinwort Benson Securities, Anglesey's advisers, said two companies were studying joint venture proposals but any arrangement obviously would take some time to work out.

Two of the likely candidates, Outokumpu, the state-owned Finnish group, and Minoro, the offshore investment arm of the Anglo American Corporation of South Africa, had been approached but indicated that they would prefer to concentrate on projects in Ireland in which they had interests, he added.

A Parys Mountain feasibility study suggested that, by milling 250,000 tonnes of ore a year, the mine would produce concentrates containing 13,000 tonnes of zinc, 5,700 tonnes of lead and 2,500 tonnes of copper. The mine would also produce about 5,000 troy ounces of gold.

Silver dragged gold ahead, but producer selling was seen capping rises at the upper end of the new range between \$352 and \$358.

"Welsh" gold. During pilot plant testing, more than 2,000 tonnes of ore was processed and about 250 tonnes of metal concentrates were sold to the Pasmenco smelter at Avonmouth.

Parys Mountain has a long mining history dating back to Roman times. During the late 18th century it was one of the world's largest copper mines, supplying much of the metal required for Britain's Industrial Revolution.

About 3.5m tonnes of rock was moved by hand, pulled up from a growing pit by ropes and eventually the mountain contained the biggest man-made hole in the world - a record that was not overtaken until the 1890s. Mining eventually ended in 1911 after 143 years of almost continuous activity during which an estimated 130,000 tonnes of copper was produced.

The site is owned by the Marquess of Anglesey who will collect substantial royalties if the mine eventually proves profitable.

## Brussels blow for dairy hormone

By David Gardner in Brussels

THE EUROPEAN Commission yesterday agreed a report on Bovine Somatotrophin (BST) that brought to the forefront its concerns that the growth hormone would run counter to its efforts to reduce farm output.

The interim report follows last month's endorsement by the council of ministers of a further, two-year moratorium on licensing the hormone, which boosts the output of dairy cows by between 12 and 25 per cent, according to different studies.

The report and the council decision together amount to "a clear signal that chemically based production improvements are not likely to be a feature of the future", a commission official said. This is a blow to Monsanto and Eli Lilly, the two companies seeking authorisation for hormones they have developed, which some analysts believe could create a \$1bn market worldwide.

The commission report accepts that BST has no discernible effect on humans who consume milk and dairy products from cows treated with it. The hormone meets "quality" and "safety" criteria as well, though there is an animal welfare consideration because the

need to inject it daily causes swelling and mastitis.

But the report notes that "a veterinary medicinal product may not be authorised... if its use would contravene the rules and objectives laid down by the community within the framework of the common agricultural policy".

Plans to overhaul the CAP envisage sharp price and output cuts, to deal with overproduction, which in the dairy sector is running at 15 per cent, despite the use of ever more restrictive quotas. Widespread use of growth hormones would drive a coach and horses through this strategy.

## Chicago wheat futures bounce after early fall

By Barbara Durr in Chicago

WHEAT FUTURES prices at the Chicago Board of Trade bounced yesterday after early profit-taking following the previous two days of rises, which had taken them to life-of-contract highs.

By mid-morning, the spot contract had risen 1.25 cents to \$4.125, while May wheat rose by 1.75 cents to \$3.95, July by 3.25 cents to \$3.745 and September by 3.5 cents to \$3.77.

The increases came after some concerns had fallen by several cents. Wheat has been rising since the US Agriculture Department revealed at the

start of the week that farmers had planted fewer acres of winter wheat and that wheat stocks were at their lowest point for almost two decades. World wheat stocks are also low.

Adding to the price pressures are continued good demand and below par growing conditions for the winter wheat crop, said grain analyst Mr Richard Feltes of Refco.

Some analysts are suggesting that wheat could rise to as much as \$5 per bushel, though strong resistance is expected at \$4.50.

## MARKET REPORT

Aluminium bounced higher on the LME after a wave of buy stops were triggered in the afternoon. Traders said that dealer buying and option covering took three-month metal above \$1,160 a tonne, touching off sizeable US customer buy stops. The rise accelerated sharply before sufficient profit taking and hedge selling built up to prevent a close above the next resistance point at \$1,190. The move was seen as mainly technical, and although it might still have a little way to run it would need the support of consumers if it was to be sustained. And it was not likely they would chase the market higher with so much surplus metal

## London Markets

**SPOT MARKETS**  
Crude oil (per barrel FOB)  
Dubai \$14.85-14.90 +2.25  
Brent \$15.25-15.45 +1.75  
Brent (Brent) \$15.25-15.45 +1.75  
W.T.I. (100,000) \$19.95-20.05 +2.25

## Oil products

Gas (per 100,000) \$201-203 +0.5  
Gas oil \$171-172 +2  
Heating oil \$189-191 +1  
Petroleum Argus Estimates  
Other + or -

Gold (per troy oz) \$354.55 +0.65  
Silver (per troy oz) \$414.50 +5.5  
Platinum (per troy oz) \$537.75 +5.5  
Palladium (per troy oz) \$393.0 +2.0  
Copper (US Producer) \$62.16 +0.05  
Lead (US Producer) \$17.31 +0.01  
Tin (Kuala Lumpur market) \$14.51 +0.01  
Tin (New York) \$25.73c -1.0  
Zinc (US Prime Western) \$62c

Cattle (live weight) \$0.70-0.75 +0.15  
Sheep (live weight) \$0.70-0.75 +0.15  
Pigs (live weight) \$4.92 +1.15  
London daily sugar (raw) \$215.00 -1.5  
London daily sugar (white) \$235.00 -1.5  
Tare and Lyle export price \$230.00 +2.5  
Barley (English feed) \$124.5 +0.5  
Maize (US No. 3 yellow) \$147.5 +0.5  
Wheat (US Dark Northern) \$171c +1.25  
Rubber (RSS No. 1) \$1.75p +0.25  
Rubber (KLSS No. 1 Feb) \$1.75p +0.25  
Rubber (KLSS No. 1 Feb) \$1.75p +0.25  
Coconut oil (Philippines) \$76.00 +5.0  
Palm oil (Malaysian) \$360.00 +5.0  
Cocoa (Philippines) \$45.00 +5.0  
Soyabean (US) \$143.00 +2.05  
Cotton "A" index \$84.50 +0.5  
Wooltopps (1984 Super) 400c

£ a tonne unless otherwise stated. p=percing, c=cent, f=futures, q=quarter, Jan-Feb = Jan, Mar = Mar, Apr = Apr, May = May, Jun = Jun, Jul = Jul, Aug = Aug, Sep = Sep, Oct = Oct, Nov = Nov, Dec = Dec. Commission average futures prices. \* change from a week ago. \*\* London physical market. \*\*CF Rotterdam = CF Rotterdam market close. M-M = Malaysian contract. \*\*Bullion market close. M-M = Malaysian contract. \*\*Bullion market close. M-M = Malaysian contract.

## COMMODITY PRICES

**COCOA - London F&O**  
Close Previous High/Low  
Mar 752 728 734 723  
Apr 752 728 734 723  
May 752 728 734 723  
Jun 752 728 734 723  
Jul 752 728 734 723  
Aug 752 728 734 723  
Sep 752 728 734 723  
Oct 752 728 734 723  
Nov 752 728 734 723  
Dec 752 728 734 723  
Turnover: 947 (4928) lots of 10 tonnes  
ICE Index price (0.5 cents per pound). Daily 3 month price for Jan 15 1992-93 (0.5 cents per pound) for Jan 15 1992-93 (0.5 cents per pound)

## COFFEE - London F&amp;O

Close Previous High/Low  
Jan 1025 1005 1030 1020  
Feb 1025 1005 1030 1020  
Mar 1025 1005 1030 1020  
Apr 1025 1005 1030 1020  
May 1025 1005 1030 1020  
Jun 1025 1005 1030 1020  
Jul 1025 1005 1030 1020  
Aug 1025 1005 1030 1020  
Sep 1025 1005 1030 1020  
Oct 1025 1005 1030 1020  
Nov 1025 1005 1030 1020  
Dec 1025 1005 1030 1020  
Turnover: 3477 (1024) lots of 5 tonnes  
ICE Index price (0.5 cents per pound). Daily 3 month price for Jan 15 1992-93 (0.5 cents per pound) for Jan 15 1992-93 (0.5 cents per pound)

## SUGAR - London F&amp;O

Close Previous High/Low  
Mar 182.00 180.00 182.00 180.00  
Apr 182.00 180.00 182.00 180.00  
May 182.00 180.00 182.00 180.00  
Jun 182.00 180.00 182.00 180.00  
Jul 182.00 180.00 182.00 180.00  
Aug 182.00 180.00 182.00 180.00  
Sep 182.00 180.00 182.00 180.00  
Oct 182.00 180.00 182.00 180.00  
Nov 182.00 180.00 182.00 180.00  
Dec 182.00 180.00 182.00 180.00  
Turnover: 187 (288) lots of 50 tonnes  
White 1000 (1284)  
Perry White (FFR per tonne): Mar 1467.55, May 1508.15

## CRUDE OIL - IPE

Close Previous High/Low  
Feb 182.00 178.00 182.00 178.00  
Mar 182.00 178.00 182.00 178.00  
Apr 182.00 178.00 182.00 178.00  
May 182.00 178.00 182.00 178.00  
Jun 182.00 178.00 182.00 178.00  
Jul 182.00 178.00 182.00 178.00  
Aug 182.00 178.00 182.00 178.00  
Sep 182.00 178.00 182.00 178.00  
Oct 182.00 178.00 182.00 178.00  
Nov 182.00 178.00 182.00 178.00  
Dec 182.00 178.00 182.00 178.00  
Turnover: 2000 (34000)

## GAS OIL - IPE

Close Previous High/Low  
Feb 182.00 178.00 182.00 178.00  
Mar 182.00 178.00 182.00 178.00  
Apr 182.00 178.00 182.00 178.00  
May 182.00 178.00 182.00 178.00  
Jun 182.00 178.00 182.00 178.00  
Jul 182.00 178.00 182.00 178.00  
Aug 182.00 178.00 182.00 178.00  
Sep 182.00 178.00 182.00 178.00  
Oct 182.00 178.00 182.00 178.00  
Nov 182.00 178.00 182.00 178.00  
Dec 182.00 178.00 182.00 178.00  
Turnover: 17250 (13734) lots of 100 tonnes

Turnover: 17250 (13734) lots of 100 tonnes

## LONDON METAL EXCHANGE

(Prices supplied by Associated Metal Trading)  
Close Previous High/Low  
Aluminium, 99.7% purity (5 per tonne)  
Mar 1125.5 1125.5 1125.5 1125.5  
Apr 1125.5 1125.5 1125.5 1125.5  
May 1125.5 1125.5 1125.5 1125.5  
Jun 1125.5 1125.5 1125.5 1125.5  
Jul 1125.5 1125.5 1125.5 1125.5  
Aug 1125.5 1125.5 1125.5 1125.5  
Sep 1125.5 1125.5 1125.5 1125.5  
Oct 1125.5 1125.5 1125.5 1125.5  
Nov 1125.5 1125.5 1125.5 1125.5  
Dec 1125.5 1125.5 1125.5 1125.5  
Turnover: 2477 (1024) lots of 5 tonnes  
ICE Index price (0.5 cents per pound). Daily 3 month price for Jan 15 1992-93 (0.5 cents per pound) for Jan 15 1992-93 (0.5 cents per pound)

## LONDON BULLION MARKET

(Prices supplied by N.M. Rothschild)  
Close Previous High/Low  
Gold (fine oz) \$354.55 +0.65  
Silver (fine oz) \$414.50 +5.5  
Platinum (fine oz) \$537.75 +5.5  
Palladium (fine oz) \$393.0 +2.0  
Copper (US Producer) \$62.16 +0.05  
Lead (US Producer) \$17.31 +0.01  
Tin (Kuala Lumpur market) \$14.51 +0.01  
Tin (New York) \$25.73c -1.0  
Zinc (US Prime Western) \$62c

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## CHICAGO

Close Previous High/Low  
Soyabean 5,000 bu min: \$3.75 +0.05  
Corn 5,000 bu min: \$2.75 +0.05  
Wheat 5











**INVESTMENT TRUSTS - Cont.**

## MISCELLANEOUS

**Post** **25. A** **26. C**

**DEPARTMENT OF THE ARMY**

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

402

79	6	1.29	-	-	Yoon Gwang S.	1776	+119	23
503	340	199.3	5.3	10.1	Genesie Chlo S.	1776	+119	23

500	207	18.7	5.3 pc PL
509	77.8	3.3	Cap & Res

67	—	95	64	82.2	11.4	—
119	—	135	106	119.9	1.1	—

Signs (3)	1	1	17	33	1
Howlin	1	1	19	12	1
Howlin	1	1	19	12	1

20	2.1	4	Dragon	3
21	2.1	4	Emperor	27

1	12	0.00	-
2	20	12.5	-

city (log) ——— ↑      tte +1  
disruption TML ——— CTM +2

148	85	148	3.7	148	AAF Inc.	148	148
2142	288	2,878	3.6	8.4	AAF Inc.	148	148

115 24.8 8.4 8.2 8pc Cv B8 '03 57  
123 25.8 8.4 5.0 \*Stim (J) ↑

1972	—	2114	2102	170.3	5.2	—
1973	—	711	90	14.8	4.6	17.3

Transit	↑	202	+4	408	327	254.1
Transit	↑	313	+11	379	296	1,187

7.5 45 ■ Indicates the most actively traded stocks  
Transactions and prices are published on

**1. This includes UK stocks which  
diversify through the Stock**

... ..

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## AUTHORISED UNIT TRUSTS

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## Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lauro & S

INITIAL CHARGE: Charge made on sale of units to new investors. It is calculated as a percentage of the net asset value of the units. The charge is included in the price of the units.

OFFER PRICE: Also called bid price. The price at which units are offered to investors. It is calculated as a percentage of the net asset value of the units. The price is included in the price of the units.

REDEMPTION PRICE: Also called offer price. The price at which units are redeemed by investors. It is calculated as a percentage of the net asset value of the units. The price is included in the price of the units.

CANCELLATION PRICE: The net asset value of the units. It is calculated as a percentage of the net asset value of the units. The price is included in the price of the units.

NET ASSET VALUE: The value of the assets of the unit trust, less liabilities. It is calculated as a percentage of the net asset value of the units. The price is included in the price of the units.

UNIT TRUST: A collective investment scheme. It is a company or trust that pools money from investors to invest in a variety of assets. The price is included in the price of the units.

UNIT TRUST CODE: A code used to identify a unit trust. It is a code used to identify a unit trust. The price is included in the price of the units.

UNIT TRUST NAME: The name of the unit trust. It is a name used to identify a unit trust. The price is included in the price of the units.

UNIT TRUST MANAGER: The person responsible for managing the unit trust. It is a person responsible for managing a unit trust. The price is included in the price of the units.

UNIT TRUST INVESTMENT: The assets of the unit trust. It is a collection of assets managed by a unit trust. The price is included in the price of the units.

UNIT TRUST RETURNS: The returns of the unit trust. It is a measure of the performance of a unit trust. The price is included in the price of the units.

UNIT TRUST RISK: The risk of the unit trust. It is a measure of the volatility of a unit trust. The price is included in the price of the units.

UNIT TRUST FEE: The fee charged by the unit trust. It is a fee charged by a unit trust. The price is included in the price of the units.

UNIT TRUST CHARGE: The charge made by the unit trust. It is a charge made by a unit trust. The price is included in the price of the units.

UNIT TRUST DISCOUNT: The discount offered by the unit trust. It is a discount offered by a unit trust. The price is included in the price of the units.

UNIT TRUST PREMIUM: The premium paid by the unit trust. It is a premium paid by a unit trust. The price is included in the price of the units.

UNIT TRUST DIVIDEND: The dividend paid by the unit trust. It is a dividend paid by a unit trust. The price is included in the price of the units.

UNIT TRUST INTEREST: The interest paid by the unit trust. It is an interest paid by a unit trust. The price is included in the price of the units.

UNIT TRUST CAPITAL: The capital of the unit trust. It is the capital of a unit trust. The price is included in the price of the units.

UNIT TRUST ASSETS: The assets of the unit trust. It is the assets of a unit trust. The price is included in the price of the units.

UNIT TRUST LIABILITIES: The liabilities of the unit trust. It is the liabilities of a unit trust. The price is included in the price of the units.

UNIT TRUST NET ASSET VALUE: The net asset value of the unit trust. It is the net asset value of a unit trust. The price is included in the price of the units.



● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 38p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring 01711 835 2122

Continued on next page



[illegible]







## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar resumes strong rally

The dollar continued on its upward path on the foreign exchange markets yesterday, rising a full four pence against the D-Mark in a hectic morning trading in London and holding onto the best of the gains through the afternoon session, writes Simon London.

Overnight trading in the Far East was subdued, with Tokyo closed for a national holiday. The dollar opened the day in Europe little changed from its closing levels in New York on Tuesday night at around DM1.5930 and ¥126.75.

However, any hopes that the US currency would simply consolidate the gains made on Tuesday were soon dispelled. The dollar climbed to a peak of DM1.6280 and ¥128.55 by mid-morning as dealers rushed to close short positions and take advantage of the bull run.

The US currency surged as it passed both the DM1.60 and DM1.62 barriers, an automatic stop loss trading programme kicked into action. By the close the US currency stood at DM1.6220 from DM1.5905 on Tuesday, and ¥128.40 from ¥128.80.

As on Tuesday, the best of the gains were the expense of the D-Mark. Analysts pointed to continued uncertainty over the current round of wage negotiations in Germany.

many as a reason for this weakness.

In addition, a speech given by Mr Wilhelm Voelker, a Bundesbank board member, the text of which was released in advance, suggested that German interest rates would be reduced in wage claims were not too high and if the global economy continued to slow.

The D-Mark weakened within the European exchange rate mechanism. Sterling gained ground to stand comfortably above DM2.85 by mid-morning.

However, this was still only just above its effective floor in the ERM, which rose as the Spanish peseta also appreciated against the German currency. The peseta improved to Ptas41 against the D-Mark, from Ptas35.7 on Tuesday.

However, in the afternoon session the Spanish currency drifted back to close at Ptas45.90. One reason was the

release of unexpectedly weak inflation data for December, suggesting that the Bank of Spain may be able to cut interest rates earlier than previously supposed.

The consumer price index rose just 0.1 per cent on the month, the same rate as during November, against expectations of a 0.4 per cent rise. This left inflation for the full year running at 3.5 per cent, from 6.5 per cent in 1990. Many analysts had been expecting a year-on-year rate of growth around 5.5 per cent.

As the peseta fell back, so did sterling's floor, and the UK currency closed the day at DM2.8475, from DM2.85 on Tuesday.

The strength of the dollar also hit the Canadian dollar, which was the subject of intervention only last week to cap its rise. The Canadian currency traded down to C\$1.1670, from C\$1.1470.

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## FINANCIAL FUTURES AND OPTIONS

LIFE LONG CALL FUTURES OPTIONS				
Strike	Call	Put	Call	Put
94	1.24	4.03	0.46	0.35
95	2.31	2.97	0.17	0.49
96	3.44	2.38	0.40	1.06
97	4.63	2.01	0.49	1.33
98	5.89	1.81	1.41	1.61
99	7.18	1.49	2.43	2.41
100	8.50	1.32	3.48	3.48
101	9.86	1.30	4.56	4.56

LIFE LONG PUT FUTURES OPTIONS				
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LIFE LONG PUT FUTURES OPTIONS			
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**CANADA**

CANADA

Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng			
<b>TORONTO</b>																										
<b>3:00 pm prices January 15</b>																										
<b>Quotations in cents unless marked \$</b>																										
20000 Alcan Inc	914	144	144	144	+	10000 Capital	80	690	80	80	+	1500 Laurier Co	55 1/2	8 1/2	8 1/2	+	47000 RyTran	90	9 1/2	9 1/2	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	80000 Can Pac	334	52	52	52	+	15000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
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10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
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10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
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10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
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10000 Alcan Inc	914	144	144	144	+	20000 Can Pac	334	52	52	52	+	20000 Leamco	55 1/2	8 1/2	8 1/2	+	10000 Alcan Inc	914	144	144	+	10000 Alcan Inc	914	144	144	+
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[illegible]**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER



## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

**Continued on next page**



**NASDAQ NATIONAL MARKET**

3:00 pm prices January 15

[illegible]

## 3:00 pm prices January 15

[illegible]

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**FINANCIAL TIMES**  
CHINA'S BUSINESS NEWSPAPER

## 3:00 pm prices January 15

STOCKS															BONDS														
Symbol	Price	Change	High	Low	Open	Close	Volume	High	Low	Open	Close	Volume	High	Low	Open	Close	High	Low	Open	Close	Volume	High	Low	Open	Close	Volume			
ABC Corp	10.25	+0.10	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	100			
DEF Inc	15.75	-0.25	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	200			
GHI Ltd	8.50	+0.05	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	50			
JKL Corp	22.10	-0.15	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	150			
MNO Inc	5.80	+0.02	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	75			
PQR Ltd	18.90	-0.30	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	120			
STU Corp	12.40	+0.15	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	90			
VWX Inc	7.10	-0.05	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	60			
YZA Ltd	25.30	+0.20	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	180			
ABC Corp	10.25	+0.10	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	100			
DEF Inc	15.75	-0.25	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	200			
GHI Ltd	8.50	+0.05	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	50			
JKL Corp	22.10	-0.15	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	150			
MNO Inc	5.80	+0.02	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	75			
PQR Ltd	18.90	-0.30	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	120			
STU Corp	12.40	+0.15	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	90			
VWX Inc	7.10	-0.05	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	60			
YZA Ltd	25.30	+0.20	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	180			
ABC Corp	10.25	+0.10	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	100			
DEF Inc	15.75	-0.25	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	200			
GHI Ltd	8.50	+0.05	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	50			
JKL Corp	22.10	-0.15	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	150			
MNO Inc	5.80	+0.02	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	75			
PQR Ltd	18.90	-0.30	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	120			
STU Corp	12.40	+0.15	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	90			
VWX Inc	7.10	-0.05	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	60			
YZA Ltd	25.30	+0.20	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	180			
ABC Corp	10.25	+0.10	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	100			
DEF Inc	15.75	-0.25	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	200			
GHI Ltd	8.50	+0.05	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	50			
JKL Corp	22.10	-0.15	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	150			
MNO Inc	5.80	+0.02	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	75			
PQR Ltd	18.90	-0.30	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	120			
STU Corp	12.40	+0.15	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	90			
VWX Inc	7.10	-0.05	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	60			
YZA Ltd	25.30	+0.20	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	180			
ABC Corp	10.25	+0.10	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	100			
DEF Inc	15.75	-0.25	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	200			
GHI Ltd	8.50	+0.05	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	50			
JKL Corp	22.10	-0.15	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	22.25	22.00	22.15	22.05	150	22.25	22.00	22.15	22.05	150			
MNO Inc	5.80	+0.02	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	5.85	5.75	5.80	5.82	75	5.85	5.75	5.80	5.82	75			
PQR Ltd	18.90	-0.30	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	19.00	18.80	18.95	18.85	120	19.00	18.80	18.95	18.85	120			
STU Corp	12.40	+0.15	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	12.55	12.30	12.45	12.50	90	12.55	12.30	12.45	12.50	90			
VWX Inc	7.10	-0.05	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	7.15	7.05	7.10	7.05	60	7.15	7.05	7.10	7.05	60			
YZA Ltd	25.30	+0.20	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	25.45	25.20	25.35	25.40	180	25.45	25.20	25.35	25.40	180			
ABC Corp	10.25	+0.10	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	10.35	10.15	10.20	10.30	100	10.35	10.15	10.20	10.30	100			
DEF Inc	15.75	-0.25	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	15.85	15.65	15.70	15.60	200	15.85	15.65	15.70	15.60	200			
GHI Ltd	8.50	+0.05	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60	8.60	8.45	8.55	8.60	50	8.60	8.45	8.55	8.60				

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## AMERICA

## Equities pause but turnover remains heavy

## Wall Street

After Tuesday's sharp gains, US stock markets paused for breath yesterday morning, although steady demand from individual investors ensured that the underlying tone remained positive, writes Patrick Harrington in New York.

By 1 pm the Dow Jones Industrial Average was up 3.35 at 3,249.55. The more broadly based Standard & Poor's 500 index was slightly lower at mid-session, slipping 0.42 to 820.02, while the Nasdaq composite of over-the-counter stocks added 3.30 at 629.05. Turnover on the New York Stock Exchange was heavy at 1.6bn shares by 1 pm.

One of the key influences behind Tuesday's 80-point rally was the rush of individual investor money out of maturing certificates of deposit and equally low-yielding money market funds and into equities, which in the current low interest rate environment appear attractive compared to many other assets.

Another feature of recent trading has been the sight of investors switching out of certain sectors in the market and into others, searching for the sector that will outperform the market.

A notable victim of this intra-market trading yesterday was the drugs sector, which lost ground amid concerted selling. Leading the way down was Merck, 3.2% weaker at \$157. Pfizer, 3.3% weaker at \$80.7, Glaxo, down 1% at \$33. Schering-Plough, down 2% at \$65.5, and Bristol Myers-Squibb, 1% lower at \$84.

Airline stocks appeared to have benefited from selling in other areas of the market. AMR, parent group of American Airlines, rose 3% to \$74, despite reporting a fourth quarter net loss of \$125m after a \$58.6m charge to cover write-down of aircraft values.

Among other airlines, UAL rose 3% to \$156.5, USAir added 1% at \$16, and Delta rose 3% to \$78. The sector may have been helped by positive comments from AMR's

senior management about the outlook for pricing in the industry.

IBM rose 1% to \$94.1 on reports that Mr Donald Young, an analyst at Shearson Lehman, had told his firm's sales force that the computer giant could produce a pleasant surprise in its fourth quarter earnings report tomorrow.

Citicorp continued to rise ahead, adding another \$2 at \$15 in turnover of almost 6m shares. The stock has been in great demand this week, and yesterday it received a further boost when Goldman Sachs upgraded its investment opinion of Citicorp and put the bank on its recommended list. In the same sector, Bank of Boston rose 3% to \$14.4 on the news that its merger talks with rival New England banking group Shawmut National had been terminated. Shawmut rose 1% to \$11.4.

## Canada

TORONTO retreated from early highs after testing resistance near 3,600, but remained firm in active midday trading. The TSE 300 composite index rose 11.8 to 3,646.3, off a high of 3,657.5. Advancing issues led declines by 249 to 170 in volume of 21.3m shares valued at C\$22.87m.

Nova topped the most active list. Its shares fell C\$1.40 to C\$7.14 in volume of 1.28m after it said that it had sold 36m shares at C\$7.15 each, to raise C\$240m to pay off its debt.

Laidlaw jumped C\$1.20 to C\$12.14 in heavy trade, continuing its recovery from a low of C\$8.94 a few months ago.

Imperial Oil, which rose C\$1.20 to C\$39.94, led gains among oil and gas shares as oil futures firmed in midday trade.

## SOUTH AFRICA

STRENGTH on Wall Street and LONDON spurred Johannesburg to fresh peaks. The overall index rose above 3,700 for the first time to close at a record 3,713, up 69, while the industrial index rose 81 to a record 4,535. Golds rose 46 to 1,298.

## EUROPE

## Continent rises across the board on Dow's advance

WALL Street's record high on Tuesday, and a varying weight of local influences were advanced as reasons why European markets climbed yesterday, writes Our Markets Staff.

FRANKFURT found strong domestic reasons for its gains which were considerable, the DAX index accelerating to a 38.97, or 2.4 per cent rise to 1,871.50 after the FAZ put on 14.15, or 2.1 per cent to 672.97 at mid-session.

Mr Jens Wieteling, for Merck Finck in Düsseldorf, said that German equities were a special situation, having underperformed the world for nearly two years during which foreign investors had been selling the market, on balance.

This year's recovery, he said, was built on the anticipation of the Bundesbank easing its monetary policies and a subsequent bull market. It started with the Anglo Saxons but continental investors followed yesterday, boosting German market volume from DM5.4bn to DM10.4bn in one theme.

Meanwhile, the focus on individual sectors shifted again. Banks, after a period of relative strength, were quiet

FT-SE Eurotrack 100 - Jan 15									
Hourly changes					Daily changes				
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close	Day's High	Day's Low
1138.22	1138.05	1138.14	1141.22	1141.26	1140.11	1140.52	1140.52	1143.22	1133.88
Jan 14					Jan 13				
1112.87	1112.87	1105.02	1105.02	1105.02	1105.02	1105.02	1105.02	1105.02	1080.21

Source: Reuters 1500 GMT/1000.

despite a further drop in the Bundesbank's average bond yield from 8.15 to 8.15 per cent.

In conventional cyclical, the big blue chip carmakers, which had taken over from the banking sector, were out of the market, where Blochpost put on another DM13.30 to DM248.80, and among bombed out stocks the construction group, Philipp Holzmann, closed DM58 higher at DM1,132.

PARIS rose to its highest level since last October as Wall Street's record rise overnight prompted domestic institutions to go on a buying spree. The CAC 40 closed 28.85 or 1.6 per cent higher at 1,874.62, off the day's high of 1,884.6, in heavy turnover of FF3.9bn after Tuesday's FF2.5bn.

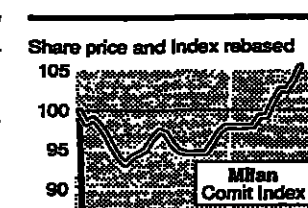
Gains were across the board.

Peugeot jumped FF2.26 to FF700 after positive comments from its chairman on the previous day. In the oil sector, Total added FF2.04 to FF1,089 on its optimism about its Colombian oil field, and Elf gained FF0.90 to FF1,200.

Among smaller stocks, Canal Plus rose FF2.22 to FF1,050 in relatively good volume of 17,575 shares.

UBSAGH offered easing Swiss interest rates and the firm dollar in addition to the Dow as justification for the Credit Suisse index advance of 1.5 per cent or 6.9 to 470.7.

Nestlé bearers, SF210 higher at SF214.8, topped the active list after Tuesday's news that the company might be considering a ten-for-one stock split. Banks were led higher by CS



Source: Deutschem

Holding which added SF65 to SF1,925, in chemicals, Sandoz registered rose SF2.60 to SF2,640, and in insurers, lifted by interest rate hopes, Winterthur bearers put on SF2.60 to SF2,840.

BRUSSELS was also lifted by Wall Street. The Bel20 index closed 34.35 or 3.1 per cent higher at 1,149.21 in unusually heavy turnover of BF1.55bn. Generals, the most active stock, rising 2.6 per cent to FF1,360 with 45,600 shares traded.

MILAN saw some domestic sellers at the start but then there was a scramble to buy as other European bourses continued to rise. The Comit index rose 1.40 or 4.3 per cent to 1,120.00. Sip added L48 to L1,538, Italgas put on L36 to L3,580, Italcementi rose L395 to L21,600, and the transport company, Gottardo Ruffoni, climbed L85 to L3,240.

Pirelli continued to rise ahead of its capital increase, putting on L43 or 3.9 per cent to L1,123. The stock reached L1,170 after hours.

MAASRU's general index rose 5.19, or 1 per cent to 268.50, impressed by the drop in consumer price inflation from 6.5 per cent to 5.5 per cent in the year to December, 1991.

AMSTERDAM closed higher in active trading. The CDS index rose 1.3 or 1.9 per cent to 120.3 in turnover swollen by Friday's expiration on the European Options

Exchange. STOCKHOLM made gains in heavy trading, encouraged by overseas strength and falling domestic interest rates. The Allshare index rose 16.1 or 1.7 per cent to 974.7 in volume of SEK728m after SEK417m.

Astra continued to dominate trading, as turnover in its shares tripled to SEK181m from SEK40m. Astra A rose SEK18 to SEK588.

OSLO jumped 2.1 per cent, the all-share index ending 9.35 higher at 462.45 in active turnover of about NKR460m. Index trial stocks led the rally. Norsk Hydro, following a period of relative weakness, rose NKR6 to NKR145.

COPENHAGEN finished off its best as the CSE index closed 3.01 higher at 365.26. HES-SINKI's Bar index put on another 15.32, or 1.8 per cent to 877.12 but free shares did better with a 2.5 per cent gain.

VIENNA surged in lively business to a six-week high on hopes that German interest rates will have peaked. The ATX index rose 24.58 or 2.6 per cent to 982.33, its highest close since December 4.

## Italy and Germany lead the volume declines in 1991

William Cochrane reviews last year's European trading, which petered out after an exciting first half

Convergence may be a pattern to look forward to on European bourses, according to some theorists, but the main similarity in their trading statistics in 1990 and 1991 was that each year enjoyed an exciting first six months, followed by an increasingly moribund second half.

History can be blamed for that. The year before last started in a fever of excitement over German reunification, and ended in a nervous autumn after the Iraqi invasion of Kuwait. Last year built up rapidly from the outbreak of the Gulf war on January 17 and fell away later, dramatically in some cases, as the growth rate in Germany began to slow down and recessionary clouds started to gather elsewhere.

Mr James Cornish of County NatWest, which produces the figures, has provided monthly averages for 1990 and 1991 which show severe falls in trading levels in Germany,

Italy and Switzerland; marginal declines in three more, Belgium, France and the Netherlands; and useful gains for Spain and the UK.

Germany dropped 22.5 per cent to a 1991 monthly average of DM104.8bn, falling from a high in July and, more worryingly, after a 2.2bn rise in DM56bn in December, its lowest since March 1989.

Part of December's problem, says Mr Cornish, was an exaggerated Christmas effect, traders and investors using the approaching holiday as an excuse to do nothing while the domestic economy suffered in the aftermath of the reunification boom, wage demands mounted and the Bundesbank eventually bumped up interest rates on December 19.

While German share prices rose in late-December, lifted by the record-breaking climb on Wall Street, the real recovery in volume was delayed until this week as strategists

EUROPEAN VOLUME FIGURES												
Monthly total in local currencies												
Bourse	Jan '91	Feb '91	Mar '91	Apr '91	May '91	Jun '91	Jul '91	Aug '91	Sep '91	Oct '91	Nov '91	Dec '91
Belgium BFX bn	21.8	41.5	42.5	42.5	38.2	40.7	34.6	32.1	30.7	37.2	35.6	32.3
France FFR bn	12.0	108.8	10.4	110.0	89.0	115.8	101.9	92.8	102.5	110.8	102.0	111.0
Germany DM bn	81.4	120.9	122.9	123.8	120.9	142.4	110.0	108.7	80.4	88.4	91.5	68.0
Italy L bn	8,672.4	16,082	15,089	12,316	18,592	14,746	8,738.6	7,712.0	6,428.0	7,630.8	7,054.6	6,342.3
Netherlands AEX bn	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Spain PSE bn	48.9	74.2	83.6	86.5	71.9	58.8	63.9	48.6	47.0	62.8	67.3	67.3
Switzerland SFX bn	12.0	14.2	13.9	14.8	12.3	12.5	9.2	10.4	9.10	9.10	10.5	7.70
UK L bn	24.5	31.9	36.8	31.8	28.4	28.7	32.1	30.6	32.0	32.2	28.4	28.4

Volumes represent purchases and sales. Swiss data estimated. Italian data adjusted to include off-market trading. Some figures may be revised.

Source: County NatWest Securities

decided that wage rises were going to be constrained in 1992 and that European interest rates, as a result, were likely to ease this summer.

Italy was even more severely depressed last year, the monthly average dropping by 37 per cent year to year, and running at less than one-tenth of the daily peaks of L700bn to L800bn which it reached in 1988.

The Milan equity market has had little to cling to in the face

of sick national and corporate economies, the latter reflecting poor to near-disastrous performance by Italy's big industrial blue chips such as Fiat, Pirelli and Olivetti. The succession of stockbroker bankruptcies, which disrupted the running of the equity market, were an almost continuous drain on sentiment.

Switzerland's monthly average fell by 15.6 per cent to SFR1.3bn. Here, says Mr Cornish, the economy was a mix of

high inflation and almost nil growth with very low unemployment, making it hard for the national government to take any initiative but to defend the Swiss franc by keeping interest rates high.

In the middle, France recovered in rising volume towards the end of December. For a long time, people have been saying that it is a cheap market, looking at domestic political worries but also at a prospective 12 per cent earnings

per share growth this year. Mr Cornish thinks it is the most attractive market in Europe.

As for the two 1991 winners, the UK, for a lot of the year, reflected the belief in an "Anglo" economic recovery, the theory which expected both the US and UK economies to add to the 1990 boom. British equities attracted both domestic and quite a lot of international investment; the market was on a 5 per cent dividend yield and this, historically, seems to have been a good anchor for equity levels.

Spain, in December, repeated what it did in 1990. Fund managers seemed to be buying blue chips to dress up their portfolios for the year-end; however, it did appear that there was a genuine surge of investment interest in Madrid in the second half of December, as ordinary investors came bargain hunting after a steep fall in share prices, in low volume, early in the month.

## ASIA PACIFIC

## Hong Kong reaches another record high

WALL STREET'S record close overnight encouraged the Pacific Rim markets. In the absence of Tokyo, which was closed for a holiday yesterday, HONG KONG finished at its second successive record high, though well off the day's best due to profit-taking. The Hang Seng index climbed to 4,420.07 before ending a net 15.05 up at 4,382.66 after turnover of HK\$1.76bn, against HK\$1.58bn.

One of the property heavy Cheung Kong rose 20 cents to HK\$19.40 and Hongkong Land edged up 10 cents to HK\$9.30.

SEOUL fell back as worries over financial constraints, falling customer deposits and a full-scale labour dispute at Hyundai Motor continued to put pressure on the market. The composite index dipped 11.49 to 604.63 in turnover of Won21.1bn, after Won217.2bn.

Hyundai Motor fell by its daily limit of Won1,000 to Won2,300 following news late on Tuesday that employees of Hyundai Motor had voted to strike.

AUSTRALIA followed Wall Street as the All Ordinaries index moved ahead 23.8 or 1.4 per cent to 1,675.6 in turnover of A\$230m, up from A\$159m.

Currency considerations supported the natural resources sector, as BHP jumped 32 cents to A\$33.30 and Western Mining gained 20 cents to A\$4.95.

The banking sector was firm in spite of news that the International Banking Credit Analysis agency had downgraded Westpac's long-term debt rating and put ANZ's long-term debt on watch. Westpac and ASX each rose 6 cents to A\$4.65 and A\$4.61 respectively.

TAIWAN underwent a technical correction in the wake of its 7.6 per cent rise since the start of the year. The weighted index lost 8.09 to 4,999.07 in turnover of T\$48.71bn, after T\$49.37bn. Dealers said more profit-taking was likely if the index went through 5,000.

NEW ZEALAND gained ground on better than expected domestic inflation news. Annual inflation in 1991 fell to a 31-year low of 1.0 per cent. The NZSE-50 index closed 25.38 or 1.7 per cent higher at 1,503.70 in turnover of NZ\$38.8m, against NZ\$31.0m.

Trading was boosted by some block sales, including 5m shares in Brierley Investments which changed hands at NZ\$1.06. The stock closed a

cent higher at NZ\$1.06. Fletcher Challenge firmed 10 cents to NZ\$4.40, Carter Harvey H&K 8 cents to NZ\$3.26 and Lion 3 cents to NZ\$3.93.

MANILA responded to Wall Street's strength. The composite index advanced 23.84 to 1,260.50 as turnover rose to 132m pesos from 122m.

The telephone blue chip PSEI led the market upwards with a 30-peso gain at 970 ASX and 113.75 in the overnight rise in New York. Food and beer company San Miguel saw its class "A" shares close a peso higher at 74.50 pesos.

Oil shares continued to fall on profit-taking after their surge on Monday as news that recoverable reserves at the Linapacan A-2 oil field in southwestern Philippines could hit 200m barrels.

SINGAPORE strengthened on news that the government-controlled DBS Bank had lowered its interest rates and by assurance that limits on foreign ownership of companies would not be lifted. The Straits Times Industrial index ended 20.71 or 1.4 per cent higher at 1,509.30 in turnover of S\$335.47m, up from S\$110.3m.

KUALA LUMPUR's composite index climbed 5.65 to 552.28 in volume of M\$92m (M\$57.5m). Leading the gains were Genting, which firmed 50 cents to M\$12.10. Resorts World advanced 40 cents to M\$10.50 and Malaysian International Shipping foreign shares appreciated 35 cents to M\$8.00.

BANGKOK finished firmer across the board following gains in foreign stock markets. The SET index closed 10.89 stronger at 749.89 after turnover of B\$5.76bn, the heaviest in two months. Siam Cement gained B\$1.20 to B\$66.6, Siam Cement B2 to B\$140 and Jala-prathan Cement B2 to B\$680. Bangkok Bank was unchanged at B\$58.

JAKARTA closed lower, with the official index down 1.37 at 250.14. Trading was slow and turnover contracted to 2.97m shares, from nearly 4m the day before. Astra International came under strong selling pressure and fell 300 rupiah to 1,300.

BOMBAY soared to a record closing high for the second time this week on speculative buying fuelled by an amnesty on repatriating foreign funds. The S&P index added 22.11 or 1.1 per cent at 2,020.18.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

TUESDAY JANUARY 14 1992										MONDAY JANUARY 13 1992										DOLLAR INDEX					
Regional												Global													
Figures in parentheses show number of lines of stock												Figures in parentheses show number of lines of stock													
US Dollar	Day's Change	Pound Change	Yen Index	DM Index	Local Currency Index	Local Change	Gross Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Yen Avg	Line (Avg)									
Australia (99)	147.77	-0.4	122.29	118.44	122.19	131.79	-0.5	4.20	148.31	121.95	118.87	121.25	132.62	160.31	112.74	112.80									
Austria (28)	167.47	+0.7	138.59	134.23	136.48	136.95	+0.3	2.11	166.33	136.77	132.32	135.98	136.27	152.37	155.95	167.00									
Belgium (40)	140.29	+0.0	116.10	112.44	118.01	112.27	+0.0	5.28	140.29	115.36	114.42	114.69	119.27	121.20	118.04	127.10									
Canada (115)	140.84	+0.6	116.58	112.88	118.46	117.13	+1.2	1.35	113.33	114.41	111.51	113.74	115.78	124.58	126.95	147.00									
Denmark (37)	269.57	+0.6	223.17	216.15	222.99	223.36	+0.3	1.80	268.11	214.90	218.19	218.19	217.74	217.74	217.74	268.00									
Finland (15)	85.93	+1.6	71.11	68.88	71.05	77.13	+1.1	3.18	84.81	69.53	67.82	69.17	76.26	125.15	73.32	91.28									
France (169)	149.43	-0.1	123.67	119.77	123.55	127.17	+0.7	3.48	149.55	122.97	118.66	125.22	125.51	152.33	119.11	122.84									
Germany (25)	115.40	-1.2	115.40	82.41	82.58	95.20	+0.0	1.18	115.40	82.41	82.58	95.20	82.41	82.58	95.20	115.40									
Hong Kong (55)	173.70	+1.0	148.71	144.03	148.00	179.01	+1.0	4.18	177.91	146.29	142.60	145.45	177.25	179.70	119.62	150.00									
Ireland (18)	105.06	-0.7	136.80	132.30	136.48	136.56	+0.2	3.82	106.24	136.70	135.23	135.98	136.28	186.46	138.88	134.00									
Italy (7)	77.82	+0.6	82.15	82.13	84.10	88.38	+1.5	1.34	77.03	83.34	81.74	82.81	84.23	104.23	78.78	72.91									
Japan (474)	126.46	+0.5	104.88	101.38	104.58	101.38	+0.5	0.84	126.46	101.38	101.38	101.38	100.90	144.00	148.15	126.46									
Malaysia (58)	213.00	+0.2	176.27	170.73	176.13	221.90	-0.1	2.95	212.48	174.73	170.31	173.92	222.19	347.78	188.18	195.19									
Mexico (18)	147.64	+0.6	121.70	119.47	121.81	149.70	+0.7	0.36	140.29	120.78	117.04	118.94	148.95	147.14	334.45	80.17									
Netherlands (31)	150.00	-0.1	124.14	120.23	124.04	122.55	+0.9	4.41	150.00	120.23	120.23	120.23	120.23	120.23	120.23	150.00									
New Zealand (14)	46.05	-1.0	38.11	36.91	38.08	44.95	-1.0	8.11	46.05	38.26	37.29	38.04	45.38	54.64	41.18	41.18									
Norway (25)	153.85	+1.9	131.98	127.20	131.98	154.11	+1.8	0.88	150.31	143.27	144.52	147.41	151.74	224.24	157.09	182.24									
Singapore (28)	218.00	+0.3	179.25	175.61	179.10	183.05	+0.1	2.14	215.88	175.61	175.61	175.61	175.61	175.61	175.61	218.00									
South Africa (61)	259.74	-0.8	214.96	208.19	214.78	183.74	+0.1	2.68	251.21	214.82	209.39	213.78	183.81	271.99	173.00	182.03									
Spain (52)	153.43	+0.3	128.63	124.58	128.52	118.51	+0.4	4.85	154.95	127.45	124.23	126.51	117.89	117.12	131.51	131.78									
Sweden (58)	180.24	+0.1	149.16	144.47	148.05	154.29	-0.1	1.81	180.24	149.27	145.50	148.41	154.32	204.12	148.15	180.24									
Switzerland (58)	100.70	-1.0	83.34	80.72	83.28	86.12	+0.7	2.26	100.82	82.90	80.81	82.43	87.47	103.50	82.71	82.78									
United Kingdom (234)	178.18	+0.4	148.28	143.60	148.15	148.26	+1.0	5.02	178.52	146.79	143.45	145.78	147.41	156.27	157.58	178.18									
USA (252)	171.52	+0.4	141.95	139.49	141.84	171.52	+1.4	2.58	169.17	139.11	135.60	136.31	169.17	151.52	125.95	126.05									
Australia (814)	145.08	+1.0	120.90	116.29	119.87	120.52	+0.8	3.99	148.04	119.27	116.26	116.88	119.58	151.32	126.50	126.05									
Belgium (133)	129.56	+0.2	112.11	108.67	112.01	111.98	+0.2	1.35	129.56	108.67	108.67	108.67	108.67	108.67	108.67	129.56									
Canada Pacific (318)	129.56	+0.4	106.39	103.05	106.31	104.43	+0.4	2.17	126.01	105.26	102.61	104.69	105.99	145.92	117.88	121.91									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111.98	+0.2	1.35	135.46	112.11	111.98	111.98	111.98	111.98	111.98	135.46									
Europe Pacific (1323)	135.46	+0.3	112.11	108.67	112.01	111																			